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STATUS OF WORK OF THE INFORMAL CONSULTATIVE GROUPS

Note by the Secretariat

Provides information on recent activities of the informal consultative groups and related maters.

Introduction

1. Document IDB.28/7 provided information as of March 2004 on the work of informal consultative groups on voluntary contributions and UNIDO membership, and on trade capacity-building. The present document updates that information. Activities of the informal advisory group on decentralization are covered in the documentation under agenda item 3 (c), including the recommendation of the group concerning the draft cooperation agreement with the United Nations Development Programme (IDB.29/9).

I. VOLUNTARY CONTRIBUTIONS AND UNIDO MEMBERSHIP

2. Since the departure from Vienna of the co-chairmen of the informal consultative group on voluntary contributions and UNIDO membership earlier this year, the group has not been reconstituted. Nonetheless, some developments can be reported with respect to efforts to increase the membership of the Organization. Secretariat activities with respect to voluntary contributions and payment of assessed contributions—both of which were issues considered by the group—are covered in documents IDB.29/4 and IDB.29/8.

3. Initial contacts with a number of Pacific Island countries as early as 2002 were reported in previous documents (IDB.26/14 and Corr.1, IDB.26/CRP.6, IDB.27/20). In continuation of these efforts, representatives of three Pacific Island countries (Marshall Islands, Samoa, Solomon Islands) were invited to a programme development meeting at UNIDO Headquarters from 26 to 28 April 2004. The objective was to develop concrete technical cooperation projects and programmes in the expectation that enhanced cooperation would lay the groundwork for these countries to accede to the Constitution of UNIDO. The representatives were also briefed on conditions for membership and related financial obligations. All representatives recognized the benefits of potential membership in UNIDO and acknowledged that they had gathered sufficient information to prepare a convincing justification to their respective authorities and to push forward the accession process.

4. As a follow-up to the April meeting, a programming mission was undertaken to the three countries in June/July 2004. Detailed discussions of numerous project ideas that had been identified in Vienna were held with government officials, and major potential donors were briefed. The membership issue was discussed with ministries of foreign affairs and of industry. In all three countries—Marshall Islands,

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Samoa, Solomon Islands—the Secretariat is following up planned submissions to the respective cabinets of ministers for accession to the UNIDO Constitution.

5. The Permanent Representative of Tuvalu to the United Nations (New York) visited Vienna in June 2004. On that occasion, a working lunch was held to discuss priority areas for assistance identified by a UNIDO mission in 2003 and Tuvalu's accession to the UNIDO Constitution, for which the process was considered likely to be completed towards the end of 2004.

II. TRADE CAPACITY-BUILDING

6. Representatives of UNIDO and the World Trade Organization (WTO) reported on 19 July 2004 to the informal consultative group on trade capacity-building on progress achieved in implementing the memorandum of understanding (MoU) signed at Cancun in September 2003. Under the chairmanship of Mr. Peter Jenkins (United Kingdom) participants were informed of developments with regard to the joint WTO-UNIDO technical cooperation programme in nine participating countries: Armenia, Bolivia, Cambodia, Cuba, Egypt, Ghana, Jordan, Kenya and Mauritania.

7. The Director-General of UNIDO reiterated the importance of the joint technical cooperation programme in (a) removing supply-side constraints; (b) developing systems to prove conformity with technical and regulatory requirements; and (c) enabling better integration into the multilateral trading system. He emphasized the effectiveness of the MoU in bringing about fast results based on knowledge gained on the countries' needs through previous and on-going UNIDO and WTO interventions.

8. The Deputy Director-General of WTO, Mr. Kipkorir Aly Azad Rana, reported on the progress achieved in the implementation of the MoU, both through UNIDO and WTO teams. He was encouraged by the fact that joint WTO-UNIDO kick-off seminars in participating countries had witnessed strong support from beneficiaries and donors. Once detailed country requirements had been identified, donors would be approached for financial support to implement the trade capacity-building programme in the participating countries.

9. There was a brief discussion of the idea put forward by UNIDO and the WTO of holding a donors conference to mobilize funding for the implementation of trade capacity-building programmes. The Chairman asked donor country representatives to consult capitals about it. It was suggested that a more promising approach might be for potential recipients to put funding requests to bilateral donors in-country. It was agreed that the issue merited further discussion.

10. The Chairman also asked developing countries to notify the group of any specific needs that might be met through the WTO-UNIDO process.

11. Furthermore, the group preliminarily discussed the concept of developing trade capacity-building metrics, i.e. means of measuring investments needed in this field. It is foreseen that the Secretariat will develop such metrics. If so, Member States will be apprised of progress.

III. ACTION REQUIRED OF THE BOARD

12. The Board may wish to take note of the present document.

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UNIDO ACTIVITIES IN COUNTRIES EMERGING FROM CRISIS SITUATIONS

Report by the Director-General

In compliance with resolution GC.10/Res.6, updates the information provided in document IDB.28/5, which covered progress on the developments and steps taken as of March 2004.

Introduction

1. Document IDB.28/5 provided information as of March 2004 on UNIDO activities in countries emerging from crisis situations. All activities undertaken have been carried out in line with the framework and plan of action presented during the twenty-eighth session of the Board. The present document updates that information.

I. RECENT DEVELOPMENTS

2. In June 2004, the Director-General was approached by the Government of Haiti in order to benefit from UNIDO assistance. As this country fell within the parameters specified in UNIDO's presentation to the twenty-eighth session of the Board (short lapse since end of crisis, focus of the international community, strong possibility for funding), Haiti was included in this framework. In anticipation of the International Donors Conference on Haiti, held in Washington on 19-20 July 2004, the Government of Haiti had prepared an Interim Cooperation Framework, which was supported by 26 bilateral and multilateral donors. The conference resulted in pledges above expectations of more than $1 billion. The UNIDO delegation attending the conference was also met by the Prime Minister of Haiti, who regarded UNIDO as a privileged partner for Haiti. He outlined several areas in which he saw UNIDO playing a role in his Government's efforts with respect to industrial policies, strategies, and rehabilitation. A full-fledged UNIDO programming mission to Haiti, with emphasis on industrial rehabilitation, will take place in September 2004 .

3. With regard to Liberia as a newcomer in the post-crisis agenda presented to the twenty-eighth session of the Board, initial contacts have been undertaken and a formulation mission will take place in October 2004.

4. Owing to the fact that crucial programming activities are currently being negotiated and concluded both at the field and headquarters levels for certain countries (in particular for Iraq), significant developments are expected towards mid-September 2004. Thus, the present document reports on interim progress, and an addendum providing updated information will be issued before the session.

5. In addition to the addendum, a strategy paper on post-crisis activities will be issued as a conference room paper. That strategy paper represents the finalization of the round table discussion paper circulated informally during the tenth session of the General Conference in December 2003, and takes into account feedback from Member States on the UNIDO approach.

II. ACTION REQUIRED OF THE BOARD

6. The Board may wish to take note of the present document.

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IMPLEMENTATION OF THE MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007

Report by the Director-General

Reports on the implementation of General Conference resolution GC.10/Res.2 with regard to the medium-term programme framework, 2004-2007, and the Strategic Guidelines "Towards improved UNIDO programme delivery".

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Introduction

1. This document is issued in accordance with resolution GC.10/Res.2 on the medium-term programme framework (MTPF), 2004-2007. That resolution took note with appreciation of the information provided in document GC.10/14 concerning the medium-term programme framework, 2004-2007. It also took note with interest of the corporate strategy introduced by the Director-General to the Industrial Development Board at its twenty-seventh session. The resolution further expressed its support for UNIDO's efforts to achieve a greater synergy between its global forum and technical cooperation activities, and approved UNIDO's proposal to focus its services on a selected number of priority areas, thus enhancing the impact of UNIDO's services in the field. In addition, the resolution supported UNIDO's attempts to take into account document GC.10/CRP.4 and the Strategic Guidelines "Towards improved UNIDO programme delivery", adopted by the twenty-sixth session of the Board in decision IDB.26/Dec.7, when implementing the Organization's technical assistance and research programme. Finally, the resolution invited the Director-General to develop a strategic long-term vision statement, possibly in time for the next General Conference, and encouraged him to carry forward the process of decentralization to the field and further strengthen and rationalize the field operations of the Organization.

2. Resolution GC.10/Res.2 also took into account the broader development objectives established by the international community. It referred in particular to the Millennium Development Goals derived from the Millennium Declaration adopted by the United Nations Millennium Summit in September 2000, but also to a number of other initiatives, such as the Third United Nations Conference on the Least Developed Countries, the Special Session of the General Assembly on Social Development Review held in June 2000, the International Conference on Financing for Development in March 2002, and the World Summit on Sustainable Development in September 2002. The resolution also gave due consideration to the provisions of the multilateral environmental agreements that impinge on the industrial sector, such as the Montreal Protocol on Substances that Deplete the Ozone Layer, the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC), the Cartagena Protocol on Biosafety and the Stockholm Convention on Persistent Organic Pollutants (POPs). Furthermore, the resolution noted the implications of global economic, industrial and technological trends for the support services delivered by UNIDO, and the importance of linking UNIDO's programme activities to national poverty reduction strategies wherever possible. In this connection, the resolution recognized the extensive experience and expertise of UNIDO in promoting industrial development and especially the successes achieved in the past six years.

3. Finally, the resolution requested the Director-General to report regularly to the Industrial Development Board and to the General Conference at its eleventh session on its implementation. This document represents a response to that request.

I. PROGRAMMATIC IMPLEMENTATION

Overview

4. The implementation of the MTPF, 2004-2007, has proceeded satisfactorily since the tenth session of the General Conference. This applies both to the overall level and to the level of the individual service modules and the research programme, which constitute the two principal programmatic building blocks of the MTPF. In presenting the implementation of the MTPF to date, this paper will refer both to the general measures that have been adopted so far, and to the specific measures related to the service modules and the associated areas of emphasis and priorities.

5. Great care has been taken to ensure that the implementation measures take due account of the guidance given by Member States in the Strategic Guidelines "Towards improved UNIDO programme delivery". As previously indicated in document IDB.28, paragraph 7, the guidelines had already been taken as a critical input to the earlier formulation of the MTPF, 2004-2007, and in particular its constituent elements comprising the refined service modules, areas of emphasis, priority services and research programme. Similar attention has been paid to the full inclusion of the guidelines in the ongoing implementation phase of the MTPF. Thus, it may be noted in general terms that the technical cooperation activities implemented, or proposed for implementation, are entirely demand-led and focused on the areas where the Organization has a comparative advantage. Wherever possible, they are focused on those areas within UNIDO's mandate that are clearly identified in national poverty reduction plans and within agreed country strategies, as called for by the Strategic Guidelines. More specific links between the Guidelines and individual technical cooperation activities will be given, as appropriate, in the description of these activities below.

General implementation

6. Recognizing the need to create full awareness among UNIDO staff of the stipulations of the MTPF and instill among them an understanding of its implications for their day-to-day work, the Secretariat has made considerable efforts to disseminate the constituent documents of the MTPF and generate a

wide-ranging dialogue about their effective implementation. As a first step in this direction, a publication entitled *Operationalizing UNIDO's Corporate Strategy: Services and priorities for the medium term 2004-2007* was issued in early 2004 and distributed to all Professional staff within UNIDO. This publication brings together the UNIDO corporate strategy and refined service modules, areas of emphasis, priority services and research programme contained in documents GC.10/14 and GC.10/CRP.4 submitted to the General Conference, together with a foreword by the Director-General and a chapter linking the corporate strategy with UNIDO's priorities for the medium term. In his foreword, the Director-General stresses that the substance of UNIDO's activities during 2004-2007 will be determined by the detailed presentation of the services, research programme and priorities contained in the document.

7. To ensure that these services and priorities are fully understood by the staff, the Director-General has held a series of meetings with all operational staff of UNIDO, covering both the Professional and General Service categories, to discuss in detail how all of UNIDO's technical cooperation and global forum activities, including its research efforts, should be clearly linked to the services and priorities approved under resolution GC.10/Res.2. These staff meetings are being followed up by an ongoing series of staff workshops at which a number of associated issues are being discussed in detail. The topics selected so far for these workshops include:

- Integrating UNIDO's socio-economic and environmental technical cooperation activities (inter alia, in order to mobilize increased resources from the environmental funds for the broad spectrum of UNIDO's technical cooperation activities, as called for in the Strategic Guidelines "Towards improved UNIDO programme delivery");

- Refining UNIDO's regional approach and strategy for Asia and the Pacific (in order to ensure that the specific conditions and needs of the countries and subregions of Asia and the Pacific are fully understood by UNIDO staff, and UNIDO services provided to these countries and subregions are fully in accordance with these conditions and needs);

- Rationalizing the work relating to industrial policy advisory services within UNIDO (in order to properly integrate the provision of these upstream services within the context of the Organization's global forum and technical cooperation functions);

- The role of research and statistics in linking UNIDO's global forum and technical cooperation activities (in order to establish an appropriate positioning of UNIDO's research and industrial statistics activities within the overall framework of the services provided by the Organization);

- The further development of UNIDO's investment promotion programme (in order to establish closer linkages between this programme and the other technical cooperation services delivered by UNIDO);

- The findings of the UNIDO *Industrial Development Report 2004*, the African Productive Capacity Initiative and the ongoing integrated programmes in the region (in order to assess how UNIDO can serve Africa more effectively).

8. An important measure taken in the latter half of 2003 to facilitate the more effective implementation of UNIDO's environmental sustainability activities was the restructuring of the organizational units dealing with these issues. This resulted in the consolidation of the three earlier branches dealing with cleaner production and environmental management, industrial energy efficiency and the Montreal Protocol into two branches covering multilateral environmental agreements and energy and cleaner production. This has enabled the Organization to perform more effectively its aim to provide services in the environmental field that are different from those of its competitors, or are performed in a different way. In particular, this has permitted UNIDO to streamline the activities undertaken in the context of the multilateral environmental agreements, such as the Montreal Protocol, the Stockholm Convention on POPs and the Kyoto Protocol to the UNFCCC, which are covered by service modules 6, 7 and 8.

9. The programmes and projects undertaken in the context of the multilateral environmental agreements help the recipient countries not only to meet their international obligations, but also to conform to the requirements of advanced markets and high technology standards, which in turn help them to access international markets and gain greater participation in international trade. Specifically, these activities help the recipient countries to:

- Collect and manage information and take inventory of relevant sources of pollution and amounts of releases;

- Formulate strategies, priorities, standards and legislation for compliance with international environmental obligations of the respective countries;

- Build national capacities and the skill sets necessary for the implementation of these multilateral environmental agreements.

At the enterprise level, assistance is provided in the form of:

- Technology transfer;
- Supply and installation of environmentally friendly equipment; and
- Training of staff.

10. In addition, a number of related administrative and organizational measures have been put in place to ensure that UNIDO's procedures for funds mobilization and the formulation, approval, review and evaluation of programmes and projects are adjusted in accordance with the needs of the MTPF. These measures, which are based on the deliberations and recommendations of the Board of Directors' retreat held on 9-10 February 2004, were consolidated in an interim management control framework for programmes/projects issued in March 2004. A particularly important feature of this new framework is the streamlining of the programme and project approval process through the establishment of four project approval committees covering projects in the fields of poverty reduction through productive activities, trade capacity-building, assistance to countries emerging from crisis situations, and energy and environment.

Service module 1: Industrial governance and statistics (including research programme for the medium term 2004-2007)

11. In the context of industrial governance, UNIDO has initiated the preparation of a methodology for strategic industrial diagnosis, which is expected to be finalized and disseminated by the end of 2004. It also initiated the preparation of the second international conference on the process of innovation and learning in dynamic city-regions, which will be held at Bangalore, India, in early 2005. A knowledge centre for the dissemination of UNIDO and non-UNIDO publications on industrial governance has also been established.

12. Two particularly important activities have been initiated in the field of enhancing national capabilities in industrial statistics. One involves data assessment and statistical analysis for the Sudanese manufacturing sector based on the annual survey results derived from the statistical component of the integrated programme for Sudan. The other involves an ongoing technical cooperation project to assist the Ghana Statistical Service in the development of its capacity to compile and analyse industrial statistics. This latter project constitutes the statistical component of the integrated programme for Ghana and includes the conduct of annual industrial surveys.

13. Several noteworthy statistical activities have been undertaken in the context of UNIDO's global forum function. These include:

- The 2004 round of the UNIDO-OECD joint annual compilation programme of global industrial statistics;
- The completion, publication and dissemination of the 2004 editions of sales dissemination products derived from UNIDO statistical databases (such as the CD-ROM versions of the industrial statistics and industrial demand-supply balance (INDSTAT and IDSB) databases, and the International Yearbook of Industrial Statistics), as well as an Internet-based set of publications and the statistical country briefs;
- UNIDO's regular contribution to the international statistical community in the development and promotion of international standards through the Organization's participation in meetings on inter-agency coordination in statistics, statistical metadata development, data quality assurance of multinational databases and promotion of international standard practice among national statistical organizations held under the auspices of the United Nations Statistical Commission;
- The development and maintenance of indicators through such activities as the 2004 modification and update of the Industrial Development Scoreboard and the construction of a database on productivity-related statistics to support the ongoing research on productivity;
- Technical contributions through statistical proposals and the preparation of an analytical report to an ongoing UNESCO programme for the development of cultural industries in Asia and the Pacific.

14. The implementation of the research programme has commenced and significant steps have been initiated with regard to all of the four separate components covered by this programme:

- Research component 1 is intended to analyse the contribution of industry to development and poverty reduction. It calls specifically for the establishment of a database on productivity and economic indicators, and for an assessment and analysis of productivity performance in the context of aggregate growth. These issues are being addressed by an ongoing research project on productivity performance in a broad cross section of 17 developing countries and in 17 country-case studies;

- Research component 2 is intended to assess the role of technology diffusion in productivity enhancement. In particular, it is intended to address the issues of how interactions between economic agents, markets and institutions can be strengthened to enhance the effectiveness of international trade and investment flows, and how divergences in the needs of industry and the environment can be reconciled through the development and diffusion of technology. A project on the evolution of national innovation systems in Latin America has been developed to address these issues;

- Research component 3 refers to policy choices in the new economic order. It provides for the formulation of an industrial development policy toolbox attuned to the challenges posed by the multilateral system, and an assessment of how global value chains can best contribute to enhancing domestic capabilities. These issues are being considered in the context of the African Productive Capacity Initiative, which is now a New Partnership for Africa's Development (NEPAD) component on sustainable industrial development, and a paper entitled "Inserting local industries into global value chains and production networks: What opportunities and challenges for upgrading?" with a special focus on Asia, is also being prepared. In addition, UNIDO also participated in two international meetings where these issues were discussed: The 2004 annual conference of the Boao Forum for Asia held in April 2004 at Boao, Hanian Province, China, and the forum on technology trends and needs in global value chains organized jointly by UNIDO and UNCTAD as part of the UNCTAD XI Conference held in 2004 at Sao Paulo, Brazil;

- Research component 4 relates specifically to private sector development, and will be discussed in the context of service module 4.

15. In addition, UNIDO is currently finalizing the three-year strategic research programme "Combating Marginalization and Poverty through Industrial Development" (COMPID) initiated in January 2002, which comprises the following separate projects: overcoming market failures and providing public goods; poverty alleviation through industrial development; challenges for small and medium enterprise (SME) development; operationalizing social capital; and technological development for sustainable industrialization. The five projects are thematically linked to the research programme for the medium term, 2004-2007, and COMPID is thus expected to contribute in full to the implementation of UNIDO's medium-term research programme. COMPID is focused on marginalized, low-income countries, and aims to identify the mechanisms by which they can overcome marginalization through sustainable industrial development. Based on desk and field work, the programme has thus far produced research results for all five projects. In the final phase of the programme, which is to be completed by December 2004, relevant UNIDO services will be examined in light of these results and UNIDO-specific recommendations will be issued. A conference will be held in December 2004 to discuss the findings and implications for UNIDO.

Service module 2: Investment and technology promotion

16. UNIDO's investment and technology promotion activities have continued to focus on promoting partnerships and organic ties (such as technology transfer, subcontracting, joint marketing and other forms of strategic agreements) between foreign and domestic enterprises, particularly in the agro-food industry, as a route to generating foreign direct investment. The sub-Saharan investment promotion agency (IPA) network is being strengthened and the network of subcontracting exchanges (SPXs) has expanded with new members. The UNIDO investment and technology promotion training package has also been upgraded, and an investors' survey has been promoted through various major forums. In addition, efforts continue to be made to strengthen the linkages between the investment promotion activities and the environment and energy services, in order to enhance the industrial performance and productivity gains at operational level. The Asia-Africa Investment and Technology Promotion Centre is now in its fourth year of operation since its creation in the context of South-South cooperation.

17. A plan of action on investment promotion activities has been established, based on two initiatives:

- Expanding the UNIDO–Africa IPA network concept and extending the concept of investor surveys to other regions, with the results of the surveys being used to design practical programmes for assisting developing countries in attracting foreign and mobilizing domestic investments;

- Exploring use and application of new financial instruments and tools to support productivity and technology upgrading of private sector enterprises in selected African countries.

18. UNIDO's technology-enabling services have continued to focus on the maintenance, establishment and promotion of networks of enabling institutions, technology centres, and technology parks, as well as the development and application of methodologies and tools for capacity-building. Special attention is being paid to promote information and communications technology applications among SMEs through e-productivity and

quality programmes. The capacity of national technology management and innovation systems is also being strengthened.

19. In addition, the reach of the investment promotion and technology centres network is being expanded with an increase in the number of affiliated technology centres through the negotiation of new entries from Brazil, China, India, Peru and Venezuela. Within the network, new programmes for South-South and East-South cooperation have been developed and approved, and a number of training activities are scheduled for implementation in Africa, Asia and Latin America.

20. The technology foresight programme for Eastern Europe, which comprises programmes being undertaken in cooperation with the Czech Republic, Hungary, Turkey and Ukraine has been consolidated, and the second technology foresight summit to be staged at Budapest in 2005 is under preparation. The technology foresight programme for Latin America continues to be dedicated to a regional foresight study for the fishery industry in the Pacific coast of South America.

21. Measures have also been taken to strengthen global forum-oriented activities. In June 2004 UNIDO organized the 2004 Technology Fair of the Future in conjunction with the UNCTAD XI Conference at Sao Paulo, Brazil. A series of working papers on trade, investment and technology has also been launched.

Service module 3: Industrial competitiveness and trade

22. Trade capacity-building has become a pivotal activity of UNIDO in its efforts to support developing countries to compete, conform and connect with the market. Recognizing that developing country products not only have to compete in quality and price but also have to comply with a myriad of technical standards, health and safety requirements and regulations, the technical cooperation services provided under this service module are focused on developing the required standards, metrology and conformity assessment infrastructure; assisting the testing laboratories to obtain international accreditation; supporting capacity development for ISO 9000 and ISO 14000 certification; and upgrading quality and productivity. These measures are intended to help address the concerns expressed at the Fourth World Trade Organization (WTO) Ministerial Meeting at Doha, Quatar, in November 2001.

23. Projects to support such capacity-building are currently being undertaken in a number of countries and regions, including Algeria, Argentina, Bangladesh, Egypt, Lebanon, Tunisia and Viet Nam, as well as Central America, the Mekong region, and the South Asian Association for Regional Cooperation and West African Economic and Monetary Union countries. In this connection, UNIDO has also initiated a joint technical cooperation programme with the WTO, which aims to achieve a noticeable increase in developing country exports by removing supply side constraints, developing and proving conformity to technical requirements, and integrating into the multilateral trading system. The countries participating in this pilot programme comprise Armenia, Bolivia, Cuba, Cambodia, Egypt, Ghana, Jordan, Kenya and Mauritania. Cooperation with the European Commission on quality support programmes has also been strengthened, in particular in Bangladesh, Nepal and Pakistan.

24. At the global forum level, UNIDO actively participates in the trade facilitation forums arranged by the United Nations Economic Commission for Europe (UNECE) and in the Inter-Agency Trade Facilitation Group meetings. It also continues to contribute to the database on trade-related technical assistance managed by WTO and the Organization for Economic Cooperation and Development, and to the Global Facilitation Partnership for Transportation and Trade Network. Within the framework of a memorandum of understanding on cooperation between UNIDO and the International Organization for Standardization (ISO), an e-learning tool on standardization has been developed and matters related to technical barriers to trade are being addressed. UNIDO is also strengthening its cooperation with such international technical agencies as the International Bureau for Weights and Measures, the International Accreditation Forum, the International Laboratory Accreditation Cooperation, ISO, the International Electrotechnical Commission, the International Telecommunication Union's International Telecommunication Standardization Sector, and the International Organization of Legal Metrology on a regular basis.

Service module 4: Private sector development

25. Towards achieving the goals set in the MTPF, 2004-2007, continued efforts were made to advance work on core activities in the field of private sector development. As a recognition of past achievements and sustained impact, substantial donor funds were received for follow-up phases of ongoing technical cooperation programmes (i.e. Uganda and Viet Nam). An example of confirmed donor support to achieve the MDGs is given in the approval of funds for entrepreneurship development in Timor-Leste. Further, in line with the Strategic Guidelines "Towards improved UNIDO programme delivery", efforts were intensified to promote business alliances as a focus area.

26. Considerable progress was also made on the implementation of the priority services for private sector development: After the formulation and approval of a project for the development of a policy tool box on private sector development, preparatory activities for the needs assessment and scoping exercise have started. While the joint UNIDO/Italian Federexport programme

on the promotion of SME export consortia will be launched later this year, a seminar has been scheduled to promote UNIDO's pilot experience in this field in North Africa.

27. Considerable priority continues to be given to global forum activities under this service module. Thus, several high-profile inter-agency events have been arranged since the inception of the MTPF, 2004-2007, including a joint UNIDO/UNDP/United Nations Global Compact workshop on partnerships for small enterprise development in January 2004, and a global training course on SME cluster development with the International Labour Organization in April of the same year. Both the latter and a regional workshop on the development of manufacturing SME clusters and networks, organized jointly with the Economic and Social Commission for Western Asia at Beirut, in March 2004, have generated significant interest, which will ensure a continuation of these initiatives.

28. As noted above, one of the components of the research programme also deals with private sector development. This research component calls for research activities to ensure the contribution of SMEs and entrepreneurship to fostering growth, learning, specialization, technological innovation and exports on the one hand, while building on successful experiences of corporate social responsibility to promote sustainable development on the other. In this context, and within the framework of a research and thematic cooperation programme with Switzerland and the Institute of Development Studies in the United Kingdom, a study on industrial clusters and poverty reduction has been concluded, which elaborates strategies towards developing a methodology to make cluster development more pro-poor and thus a critical tool to support the MDGs. Milestones related to the United Nations Global Compact include the publication of A Survey of SMEs in the Global Compact, and, jointly with UNDP, Partnerships for Small Enterprise Development.

29. An agreement will be signed with UNDP regarding joint technical cooperation programmes, following up the recommendations of the United Nations Commission on the Private Sector and Development.

Service module 5: Agro-industries

30. In the field of agro-industries, UNIDO continued to focus its activities in accordance with the priority services identified in the MTPF for 2004-2007. With regard to post-harvest systems and enhancing rural community livelihood through efficient agro-supply chains, eight pilot post-harvest centres were established in Uganda for tropical fruit and vegetable drying. The products are destined for export and so far three of the centres have formed a company called "Pride Uganda" to concentrate on exports. The first three pilot centres were completely financed but in the meantime others are being established on the basis of partial financing. The companies themselves are investing in the required equipment and meeting other costs. A programme financed by International Fund for Agriculture Development, the Food and Agriculture Organization and the World Bank and implemented by the Ministry of Agriculture has requested UNIDO to assist in the establishment of 40 further centres in the south of the country which will deal also with products in other subsectors, such as dairy. For the Democratic People's Republic of Korea, UNIDO has embarked upon a project aimed at installing a goat milk-processing unit, financed by the Republic of Korea. The overall goal and immediate objective is to strengthen the national capacity to secure the availability of safe food with a high nutritional value in rural as well as non-agricultural areas.

31. In the field of product innovation, the Footwear and Leather Industry Service Centre established by UNIDO in Egypt is being strengthened by adding mould computer-aided design (CAD) facilities. New CAD centres have been established to service the local small-scale footwear industry in Eritrea and the Russian Federation.

32. A similar CAD centre for the garment industry in Cuba became fully operational at the BOGA Institute under the Ministry of Light Industry, and is providing services to 17 garment factories with approximately 2,500 employees. Apart from reducing cutting waste by up to 7 per cent, the Institute also offers services to increase labour productivity.

33. In the context of providing technical assistance within the framework of UNIDO's post-crisis initiative, a project on community-building for food security and poverty alleviation financed by the United Nations Trust Fund for Human Security was initiated in the Nuba Mountains region of Sudan. In addition, funding has been obtained from the United Nations Development Group for a programme aimed at promoting cottage industries in rural and urban areas of Iraq.

Service module 6: Sustainable energy and climate change

34. In the energy area particular attention is given to the priority services "rural energy for productive use with emphasis on renewable energy" and "energy efficiency".

35. UNIDO's rural energy programmes aim at:

- Studying the feasibility and demonstrating the social and economic viability of the different energy-generating approaches;

- Encouraging sustainable local enterprises that can deliver reliable energy services based on renewable energy technologies;

- Identifying income-generating activities related to the production/generation and/or use of energy in rural areas.

36. The provision of rural energy services for productive use conforms to the MDGs and UNIDO's corporate strategy. Energy can reduce poverty and prevent hunger by facilitating income-generating applications, and the establishment of micro-enterprises, as well as providing power for pumping water, processing/grinding food and cooking. One example of UNIDO's rural energy projects is the project for renewable energy-based electricity generation for isolated mini-grids in Zambia, which was approved for financing by the Global Environment Facility in May 2004. This project has a total budget of $7.8 million and aims at improving the living conditions of rural people by providing modern energy services and promoting income-generating activities.

37. In the case of energy efficiency, UNIDO adopts a systems-based approach, which aims at optimizing the efficiency of the energy systems that factories use to deliver services provided by electricity, gas and other fuels to the point of use in the plant. These efforts do not need the introduction of newest (and possibly expensive) technologies but are based on the transfer of knowledge, skills and information, which, once acquired by the recipient, can be replicated through in-country training and support to service provider businesses. Efficient use of energy reduces pollution, reduces energy intensity and improves productivity and competitiveness. UNIDO's projects in this field are exemplified by the assistance being given to the Government of India in initiating a national programme for promoting energy efficiency in the hand tool small-scale industry sector. This project aims at not only improving energy efficiency but also at reducing pollution, including the emission of greenhouse gases.

38. In the priority area of climate change, UNIDO's activities continue to be oriented within the framework of the Kyoto Protocol. Specifically, the services provided are aimed at building the national capacities of participating countries and fostering innovative partnerships to identify and undertake Clean Development Mechanism (CDM) projects and bring certified emission reductions to the carbon market. Under this priority area UNIDO is also attempting to capitalize on the synergies of the Montreal and the Kyoto Protocols by identifying programmes beneficial to both global environmental objectives.

Service module 7: Montreal Protocol

39. UNIDO is currently implementing 900 Montreal Protocol projects in 70 developing countries worldwide. These projects have a total budget of approximately $350 million, and are intended to phase out substances with an ozone-depleting potential of some 31,000 tonnes. In addition, UNIDO provides institutional strengthening support to 21 countries. In line with priority service 1 of service module 7, UNIDO has formulated and received approval for a total of 39 national and sectoral phase-out plans, which effectively assist developing countries in their compliance efforts.

Service module 8: Environmental management

40. This service module addresses the issue of environmental sustainability in accordance with MDG No. 7. The priority services under this module include cleaner and sustainable production and water management. The cleaner and sustainable production strategy of UNIDO is implemented through a network of National Cleaner Production Centres (NCPCs), and pursues the following objectives:

- The diffusion of quality and productivity enhancing environmentally sound technologies (ESTs);

- Assisting developing countries to gain access to export markets.

In this connection, it may be noted that UNIDO is reviewing its cleaner production strategy with special emphasis on product design. In the same context, UNIDO is organizing a regional conference on resource sustainability—closing the materials loop, at Hyderabad, India, in September 2004.

41. Similarly, UNIDO's services in water management provide for the transfer of best available ESTs to prevent discharges of industrial effluents into international waters (rivers, lakes, wetlands and coastal areas) and thereby protect water resources for future generations. This service aims at, among others:

- Assisting the artisanal and small-scale gold mining sector to minimize the discharge of highly poisonous mercury used in gold extraction;

- Assisting Governments to operate collectively in the management and sustainable use of integrated transboundary river basin, wetland, coastal zone and large marine ecosystems.

UNIDO's international water programme includes the regional project for Africa on combating living resource

depletion and coastal area degradation in the Guinea Current large marine ecosystem through ecosystem-based regional actions, which covers 16 countries. This project has been approved and funded by the Global Environment Facility with a grant of $21 million.

42. In addition, UNIDO is providing assistance to 38 countries to formulate their national implementation plans under the Stockholm Convention on POPs. Several initiatives have been undertaken and approved for the formulation and implementation of innovative large-scale projects for the elimination of POPs stocks and releases. As a result of UNIDO's success in this field, the Organization has been granted direct access to GEF funds in the POPs priority area

II. OTHER ISSUES

Decentralization

43. Considerable progress has been made since the tenth session of the General Conference in December 2003 in UNIDO's efforts to further advance the decentralization process to the field and to further strengthen and rationalize its field presence. The proposed alliance with UNDP covers substantive initiatives through joint programme development and also a new rationalized model of field presence. A detailed presentation of the cooperation agreement, supporting the alliance, is given in document IDB.29/9.

Strategic vision statement

44. Preliminary consideration is being given to the formulation of the long-term vision statement to ensure its completion for the eleventh session of the General Conference as called for in resolution GC.10/Res.2.

III. ACTION REQUIRED OF THE BOARD

45. The Board may wish to take note of the information in the present document.

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SOUTH-SOUTH COOPERATION

Progress report by the Secretariat

Reports on recent developments and steps taken with regard to South-South cooperation, in compliance with resolution GC.10/Res.4.

Introduction

1. In the efforts of the international community to achieve established development goals including the Millennium Development Goals (MDGs), there is universal recognition of the role of technical cooperation among developing countries. As stated in General Conference resolution GC.10/Res.4, South-South cooperation is not a substitute for but a complement to North-South cooperation.

2. UNIDO's activities in South-South cooperation have received new impetus since the adoption of General Conference resolution GC.10/Res.4, which recognized its importance for the Organization. At present, relevant UNIDO activities are focused on investment promotion and renewable energy, with particular emphasis on rural energy projects.

3. The *Annual Report 2003* (IDB.28/2, chap. IV.G) provides background information on the importance of the Tokyo International Conference on African Development (TICAD) for South-South cooperation activities in UNIDO.

I. MODALITIES

A. Triangular cooperation

4. Since the High-Level Conference on South-South Cooperation held at Marrakech, Morocco, 10-19 December 2003, the Group of 77 has placed emphasis on the value of triangular cooperation. This emphasis relates in particular to the use of expertise and institutions of emerging economies with the financial support of developed countries and international organizations in favour of developing countries. Examples of this cooperation modality are provided in the following paragraphs.

Asia-Africa Investment and Technology Promotion Centre (AAITPC)

5. The concept of Asia-Africa cooperation was the brainchild of TICAD II in 1998. Since that time UNIDO has been supporting AAITPC with financing from the Government of Japan to promote investment and technology transfer from Asia to Africa. The Centre is a network of partnerships, where various programmes are

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implemented between investment promotion agencies of Africa and business associations as well as outward investment promotion agencies of Asia with AAITPC as the hub. Thus, AAITPC inspires and supports its African partners to market in Asia their investment opportunities and its Asian partners to enhance awareness of the opportunities Africa offers and translate their general interest into concrete action toward investment. Accordingly, AAITPC programmes include an Asian perspectives initiative to survey investment opportunities in Africa, web-marketing of investment project profiles and sector analyses, investment seminars in major Asian cities, workshops (e.g. Everything But Arms, African Growth Opportunity Act, Generalized System of Preferences, carbon credits under the Clean Development Mechanism), fact-finding and business missions to Africa, matchmaking for one-to-one business meetings and follow-up delegate programmes.

6. As of the end of July 2004, the project had already made a significant impact and is still growing:

- Eight countries in Africa and five countries in Asia were covered by AAITPC and two more in Asia under progress;
- Investment trips were organized for more than 230 Asian business people to Africa to conduct more than 1,000 one-to-one meetings to discuss trade and investment;
- More than 2,200 business people of Asia and Africa met to discuss trade and investment;
- Twenty-four investment seminars have so far been organized for 907 business people in six Asian countries to promote investment opportunities in Africa;
- More than 196,500 visits were made to the AAITPC web site seeking information;
- More than 465 investment project profiles as well as 45 sector analyses of Africa were marketed in Asia.

Regional system for accreditation and certification, standardization and promotion of quality, UEMOA

7. Further to the successful programme on quality with the West Africa Economic and Monetary Union (UEMOA) funded by the European Union, UNIDO is now developing jointly with the eight countries of UEMOA a subregional pilot programme for industrial restructuring and upgrading to permit West Africa to face the consequences of the establishment of a free trade zone ("Economic Partnership Agreement") with the European Union by 1 January 2008. This industrial upgrading programme will start with Senegal, where the French Development Agency has allocated in 2004 over €1 million to UNIDO for its implementation. Later EU financing is expected to spread this programme to other UEMOA countries. UNIDO will implement these industrial restructuring and upgrading activities in West Africa taking advantage of the experience gained in Tunisia and other North African countries, which will now provide experts for this programme in West Africa. This is an interesting example of triangular cooperation.

B. Transfer of technology of the South

8. UNIDO continues to transfer selected technologies developed in the South through programmes and projects mostly funded by the South. To date, institutions in China and India are very active in offering their technology.

Renewable energy (China)

9. The International Centre for Small Hydropower (IC-SHP) in Hangzhou, China, continued its extensive South-South cooperation programme in 2004 in renewable energy. The highlight was the second UNIDO/IC-SHP seminar on small hydropower cooperation among developing countries, which was held in China in April 2004 with 22 participants from 12 African countries, three from two Arab countries, 29 from five Asian countries, and one from a Latin American country. Other aspects of South-South cooperation have included training African engineers in various aspects of small hydropower. Senior staff from the Centre have undertaken technical advisory missions to the Democratic People's Republic of Korea and Sudan, and others are planned.

Biomass (India)

10. UNIDO continues to promote the transfer of biomass gasification technology developed at the Bangalore Research Centre of the Institute of Science (IISc). Concrete steps have been taken in 2004 to set up demonstration pilot units under two projects: a renewable energy park at Kasama, Zambia (installation expected by December 2004), and a biomass gasification system at Cocodrilo, Cuba (installation expected in the first quarter of 2005). Experts from Cuba and Zambia were trained at IISc.

Low-cost housing (China, India)

11. UNIDO continues to promote and transfer the Chinese and Indian experience, expertise and manufacturing technologies, including investment promotion and capacity-building in the areas of alternative materials production for low-cost housing in selected African countries

C. Strengthening institutions to promote South-South cooperation

International Centre for Advancement of Manufacturing Technology (ICAMT), India

12. UNIDO has established the Centre in cooperation with the Government of India with the aim to support developing countries in enhancing their technological performance in manufacturing, productivity, quality and competitiveness through the advancement of manufacturing technologies, promotion of North-South and South-South cooperation and building up partnerships for sustainable development.

Shenzhen International Technology Promotion Centre for Sustainable Development (ITPC), China

13. UNIDO has established the Shenzhen International Technology Promotion Centre for Sustainable Development (ITPC) in cooperation with the Government of China and the Shenzhen Energy Group to address the concerns of less developed countries for development, transfer and diffusion of energy- and environment-related technologies, including technology sourcing, financing, manpower training and information network systems. The Centre will serve as a useful platform to promote technology transfer and cooperation partnership, policy dialogue, exchange of experiences, information dissemination and technology business linkages between South-South and North-South countries.

China International Centre for Economic and Technical Cooperation (CICETE)

14. UNIDO assists CICETE in its efforts to strengthen economic and technical cooperation among developing countries (ECDC/TCDC) in the following fields: (a) upgrading China's ECDC/TCDC information network by developing a databank on practical technologies and products as well as system services; (b) developing a long-distance education/learning system to provide information and training in selected areas of technologies; (c) conducting a survey and study on the development of TCDC demonstration programmes and preparing a recommendation for further action.

International Centre for Material Technology Promotion (ICM), China

15. UNIDO has established ICM in close cooperation with the Government of China and the China Building Materials Academy to provide a springboard for new technologies and innovations in the area of new materials bridging the gap between market demand, industry needs in new technologies and the existing technology base. The Centre will assist the developing countries in enhancing their technological performance in the materials sector of industry, which has cross-sectoral impact, and promoting international co-operation and technology transfer for sustainable industrial development.

China Online

16. The UNIDO Exchange is a full-fledged substantive and technology partner in the China Online project, which is being undertaken together with Chinese authorities and international companies, in cooperation with the UNIDO field office and ITPO Beijing. The project will enable a targeted South-South partnership between small and medium enterprises (SMEs) in China and SMEs from Africa, Asia and the Pacific, and Latin America and the Caribbean.

17. As for the future, a framework for South-South cooperation in favour of LDCs now exists in Africa since the adoption of the African Productivity Capacity Initiative (APCI). A UNIDO initiative elaborated in collaboration with the Conference of African Ministers of Industry (CAMI), the African private sector, the African Regional Economic Communities and the NEPAD Secretariat, APCI was approved on 7 July 2004 by the African Heads of State as the NEPAD component on sustainable industrial development. This South-South cooperation with a continent where the majority of LDCs are located could be approached in two ways. Cooperation could take place among African sub-regions and between African Regional Economic Communities and Asian as well as Latin American economic blocks.

II. COOPERATION WITH OTHER AGENCIES

18. In line with General Conference resolution GC.10/Res.4, UNIDO has also reinforced its working arrangements on South-South cooperation with several international institutions and United Nations agencies.

A. United Nations Development Programme

19. A mechanism for investment promotion through South-South cooperation is the UNIDO Exchange, which facilitates business partnership through its international portal. The Exchange is becoming a central repository of industrial knowledge as well as an Internet-based honest broker. Within this framework, and based on the request of UNDP's Special Unit for TICAD, UNIDO designed and implemented an interregional networking mechanism between Africa and Asia called the TICAD Exchange. The network allows for a targeted promotion of African offers and requests for cooperation in Asia and vice versa. At the

same time, the TICAD Exchange allows for a global promotion of both African and Asian companies through its intrinsic linkage with the global networking platform UNIDO Exchange.

B. Other organizations

20. Recently, and in recognition of its contribution to this important South-South initiative, UNIDO was invited to provide its support in the technical and substantive operationalization of the Africa-Asia Chamber of Commerce, which will become a main institutional framework and interregional intermediary support institution for interaction between African and Asian entrepreneurs.

21. Cooperation was further strengthened with other organization such as the South Centre in Geneva, the Group of 77 Secretariat, the Group of 77 Chamber of Commerce and Industries of Developing Countries, the UNCTAD-UNDP global programme on globalization, liberalization and sustainable human development, and the Perez-Guerrero Trust Fund.

22. With this latter organization, UNIDO pursued its discussion during the international conference for renewable energies at Bonn, Germany, in June 2004, in order to implement a joint programme on technology needs assessment as a follow-up to the UNIDO initiative launched at the 2002 World Summit on Sustainable Development.

III. ACTION REQUIRED OF THE BOARD

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ACTIVITIES OF THE EVALUATION GROUP

Report by the Secretariat

Reports on evaluations and related activities, including the main findings in evaluation reports of integrated programmes, in the period 2003 to mid-2004.

Introduction

1. The Evaluation Group (EVG) of the Office of the Comptroller General (OCG) has overall responsibility for providing analytical and objective feedback to management on the relevance, efficiency and results of UNIDO's programmes/projects for the purpose of accountability vis-à-vis all stakeholders and for enabling the improvement of the quality of design and delivery of current and future UNIDO services.

2. In the period 2003 up to July 2004 the Evaluation Group issued reports of independent evaluations of eight IPs (Burkina Faso, Cuba, Ethiopia, Guatemala, Senegal, Sri Lanka, Uganda, United Republic of Tanzania) and four stand-alone projects (Morocco National Cleaner Production Centre (NCPC), Viet Nam NCPC, Athens Investment and Technology Promotion Office (ITPO) and ITPO Tokyo). The Group also carried out jointly with the Internal Oversight Group a field-level assessment of the Regional Industrial Development Office and of the country service framework (CSF) in Nigeria, and participated in the assessment evaluation of UNIDO field representation mandated to the Office of the Comptroller General. With assistance from the OCG Information and Communication Management Unit, the Group carried out an assessment of UNIDO's results-based management (RBM). Information on the activities carried out in 2003 was provided in conference room paper GC.10/CRP.5 and in the *Annual Report 2003*. Evaluation reports follow UNIDO's open disclosure policy and are routinely posted to the Evaluation Group web site for public access.

3. Considering that the integrated programmes (IPs) were the main feature of UNIDO's programmatic reform, the present report provides information on lessons learned from the evaluations of IPs with focus on issues of a broad programmatic, managerial and policy relevance. In this context it is important to stress that eight IPs and one CSF represent approximately 25 per cent of the overall portfolio of IPs. Lessons learned apply mainly to the first generation of IPs and to activities in sub-Saharan Africa, where most of the evaluations took place.

4. The report also provides an overview of action being taken by the Secretariat to follow up on evaluation recommendations, which demonstrates that management and staff take these findings and recommendations seriously and are committed to addressing these issues.

5. Integrated programmes are "packages of mutually supportive service modules designed to help overcome the critical industrial development problems of a country at the national level or those of a particular

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geographic area within a country".[1] Based on the mandates of the Business Plan, the IP approach was launched in order to enhance the relevance, effectiveness, visibility and funding base of UNIDO technical cooperation services.

6. The purpose of the evaluations was to provide Governments and counterparts, donors, Member States and UNIDO management with an in-depth analysis of the relevance, efficiency and results (effectiveness) of the programmes, to provide recommendations for their extension and reorientation and to learn lessons for improvement of the integrated programme approach.

7. The programmes evaluated were chosen based on their size, the length of operational activities and whether an extension under a second phase was planned. The evaluations were carried out at two levels. First, the programme as a whole was evaluated in order to identify programmatic, policy, management and implementation issues of general relevance. Second, the programme components and subcomponents were evaluated in order to provide recommendations to counterparts and programme management on the improvement, continuation and the reorientation of the respective substantive activities.

I. THE INTEGRATED PROGRAMME APPROACH

8. The integrated programmes have made an impact in terms of raising UNIDO's profile and visibility in the respective countries and contributed to a better coordination and consistency of country-level activities.

9. The integrated programme approach is a sine qua non for the new modalities of multilateral field cooperation, which requires stronger cooperation, and harmonization of all United Nations programmes within the context of the Poverty Reduction Strategy Papers (PRSPs), Common Country Assessments (CCAs) and United Nations Development Assistance Frameworks (UNDAFs).

10. While developmental impact in most cases cannot be measured as yet due to the short time span (programmes with an implementation time span averaging three years were evaluated), all IPs, albeit to different degrees, showed results and good prospects of impact in various fields.

11. The IP approach has succeeded in most cases in mobilizing high-level government support and a wide range of counterparts in the public and private sector. This has enhanced programme ownership as well as reciprocal understanding, dialogue and harmonization of activities.

12. Considering the above, evaluations concluded that the IPs have been a step in the right direction. A number of good practices were identified and recommendations were provided. The evaluations also identified shortcomings requiring improvements at various stages of the programme cycle (identification, formulation, funds mobilization, and implementation).

II. PROGRAMME IDENTIFICATION AND FORMULATION

13. It was at this stage of the programme cycle that most of the shortcomings were identified.

14. Evaluations found that the length of preparatory activities was too short, due to funding and time constraints with the result that some of the programmes lacked focus around key constraints and were in some instances supply driven. In many cases, baselines and properly quantified target indicators were missing. Coordination and cooperation opportunities with multilateral programmes were mentioned but were analysed in depth in only a few cases.

15. Evaluations concluded that it would be necessary to enhance the programmes' relevance and focus as well as the integration with United Nations-wide assistance frameworks. In order to achieve this, the IPs should be based on a more thorough country diagnosis of constraints and potentials of the industrial sector, including the identification of baseline data and indicators linked directly or indirectly with relevant Millennium Development Goals (MDGs).

16. Upstream analytical activities at the country-level should be strengthened and seed money allocated for this purpose. This would enable UNIDO to better formulate its programmes, advise the Government on priority activities to be promoted in the field of sustainable industrial development and provide relevant inputs to country-level diagnosis and programming frameworks, with special focus on PRSPs, CCAs and UNDAFs.

17. Evaluations also found that the logical framework approach needs to be applied more systematically and that sustainability and risk factors need to be more rigorously analysed at the programme formulation stage. Better-defined qualitative and quantitative result indicators need to be included in the documents in order to enable proper monitoring and evaluation as well as linkages with country-level MDG-related targets, including support to Governments to establish meaningful and manageable data for monitoring country

[1] "Guidelines for the formulation of integrated programmes", Vienna, May 1999.

level progress towards MDGs. Better indicators are also needed to link with the UNDAF results matrix.[2]

III. FUNDS MOBILIZATION

18. Expectations that the IPs would generate more funding were achieved only partially. What was learned is that in most cases donors had not yet changed their project-related funding approach and had allocated funding for projects and components within the IPs based on their bilateral requirements and priorities. This was to the detriment of the very nature of integration.

19. As a result of this funding pattern, there were cases where fundamental components could not be implemented due to lack of funding while other components that were less central to the programme objectives were implemented because of available funds. Evaluations found that Governments had not taken up a sufficiently strong and persistent role in funds mobilization.

20. Despite these shortcomings, evaluations recommended that the IP approach be pursued also from the funds mobilization perspective. Funds mobilization efforts should ensure a combined approach in those cases where activities are interdependent on their success. Closer linkages with country-level coordination frameworks (especially UNDAF) and a stronger field representation would be instrumental in ensuring more funding.

21. New donor funding mechanisms, particularly those developed in response to national poverty reduction strategy processes such as core budget and basket funding, will have implications for programme design and funds mobilization.

IV. PROGRAMME IMPLEMENTATION

22. Evaluations listed results achieved in terms of outputs and outcomes at the policy, institutional and enterprise level. In many instances UNIDO had been able to provide high quality and innovative services leading to excellent results and in some cases even to landmarks.

23. Institution-building and strengthening activities are those that led to the best results, underlining the fact that UNIDO's main and most successful line of intervention is institutional capacity-building. Due to the short time span of the programmes verifiable economic and social impact could be detected only in a few cases. There were results at target group level but due to the limited size of UNIDO interventions an impact at sectoral level could be achieved in only a few cases.

24. Evaluations noted that programmes had been most successful where UNIDO had been working with relatively strong intermediary counterparts which had a high degree of ownership, a sense of direction and the capacity to absorb UNIDO services. Pilot enterprises that benefited most were those supported in a multidisciplinary manner by different service modules and enjoying combined services in terms of advice and direct support as well as linkages with well-performing support institutions. Good results were achieved when there were partnerships with dynamic private sector organizations and well-managed enterprises.

25. These findings highlight a basic dilemma that is being faced by UNIDO technical cooperation activities. While success and good results depend very much on targeting counterpart institutions and beneficiaries with the appropriate absorption capacity for the type of services provided by UNIDO, there is also a need to focus on LDCs, backward regions and the poorer segments of the population, which by definition have less chance for success in the short and medium term. Evaluations underscored also in this context the key importance for integrated programmes to be based on a thorough needs assessment. Services should be properly and feasibly targeted to the specific conditions of countries, counterparts and beneficiaries.

26. Evaluations noted a positive trend of using increasingly national expertise and fully supported this approach. High-level international expertise in the specialized fields covered by UNIDO and not available in the country is also in high demand to fill knowledge and information gaps; a good practice was to use it in tandem with national expertise for capacity-building and sustainability purposes. The UNIDO knowledge base, good practices, practical experiences and solutions, tools and methodologies proved advantageous in many instances and counterbalanced at the implementation level some of the design flaws.

27. Evaluations showed a strong demand for advice and information on the new role of Government in general and the Ministries of Industry specifically on required policy interventions to enhance competitiveness and productivity growth. In cases of successful UNIDO support in this field, the potential and relevance of competitiveness analysis was shown for developing industrial policies, sectoral and subsectoral export and investment promotion strategies as well as for planning and assessing bilateral and multilateral programmes. Evaluations thus concluded that all IPs should in general include a policy advice and competitiveness analysis component to be carried out based on a UNIDO standard approach and methodology.

28. Another field in high demand for assistance is strengthening of the capabilities of Governments and institutions such as industrial associations, national

[2] Guidelines for CCAs and UNDAFs, October 2003.

statistics offices and SME support institutions to collect and process industrial statistics and to develop information networks. Strengthened statistical capabilities are also of high relevance in order to enable Governments to benchmark industrial performance and to measure development of the industrial sector. Improved statistical information is a sine qua non for the development of baselines and indicators to measure progress towards the Millennium Development Goals. Evaluations concluded that it would be highly advisable to include a statistical component in all IPs and that UNIDO should apply a standard approach.

V. COUNTRY-LEVEL COORDINATION

29. Cooperation among components was arranged primarily in the field through a bottom-up approach based on benefits from synergy identified by the counterparts themselves. The most frequent form of useful internal integration within a programme was targeting the same counterpart or beneficiaries by one or more components. The most tangible synergy effects from this type of integration can be seen in cost-saving and increased effectiveness of the developed capabilities.

30. Those programmes that had good coordination with donors during implementation and that had been anchored to high-level decision-making and national coordination bodies have also faired well. Integrated programmes have often been instrumental in ensuring better country-level cooperation among different counterparts who established fruitful dialogue and synergies, including improved policy level and institutional cooperation.

31. Successful IPs are those that are anchored to high-level decision-making bodies and that are coordinated at the country level through effective programme- and project-level steering mechanisms. However, this mechanism is feasible and cost effective only based on the existence of a sizable programme. UNIDO Office presence in the country is a prerequisite for ensuring well-coordinated and efficient delivery of complex endeavours like the IPs. This issue is currently being addressed in the context of the UNIDO-UNDP strategic partnership at the field level.

VI. ACTION TAKEN BY THE SECRETARIAT

A selection of action taken by the Secretariat to follow up on evaluation findings, recommendations and lessons learned

Evaluation feedback

32. Evaluation feedback has traditionally been a challenge for UNIDO and United Nations organizations at large. Evaluation feedback involves targeted dissemination of findings and ensuring that recommendations are actively followed up and lessons learned incorporated into new operations.

33. A recent draft report of the Joint Inspection Unit entitled "Managing for Results in the UN system, Implementation of Results-based Management in the UN Organizations" (Geneva, 2004) identified the factors that are critical to the successful implementation of results-based management and provides a benchmarking framework for success. One of the benchmarks is that evaluation findings should be effectively used.

34. The evaluation feedback system of UNIDO has benefited from the new location of the Evaluation Group in the Office of the Comptroller General and by the strengthened attention devoted by the Secretariat to compliance systems.

35. Every evaluation report includes now a follow-up plan outlining findings and recommendations by target group (government, counterparts, UNIDO management and programme management). The follow-up plan includes a control timeline for the implementation of the recommendations. A summary version of the evaluation reports is regularly submitted to the Executive Board. Evaluations are also being considered as background information for decisions regarding programme extensions and phase II programme documents by the programme approval committees.

36. Based on the new system, the Evaluation Group has recorded a level of compliance with recommendations of around 70 per cent. It should be noted that decisions on the implementation of a recommendation are based on several factors, many of which are beyond UNIDO's control, such as availability of funds, willingness of beneficiaries to make the necessary investments, sustainability and national support to the appropriate institutions, and changes in the external environment.

Technical cooperation cycle: new procedures and guidelines

37. Evaluation findings have regularly flagged the need for improved adherence to technical cooperation principles and quality criteria in all phases of the programme/project cycle management. Better compliance with the logical framework approach, stronger results orientation, and issues of accountability and compliance controls have been regularly brought out by evaluations. A thorough review of all programme/project cycle-related procedures and guidelines is currently under way. The Advisory Panel on Programme Approval Committees has been entrusted with the task of preparing a consolidated set of guidelines aimed at facilitating the management of

technical cooperation. Related staff training programmes in support of the new guidelines are also planned, which will contribute to enhancing the designing of programmes/projects, their implementation and reporting and accountability.

Results-based management

38. Evaluations consistently identified the need for UNIDO to link results at the diagnostic and formulation stage of programme development. The need was also identified for better linkages with country-level diagnosis, policy and programming frameworks (PRSP, CCA and UNDAF). Related ongoing activities in the Secretariat geared to introducing results-based management have set the methodological base for responding to these requirements. A results-based monitoring and evaluation framework that closely matches the monitoring and evaluation matrix included in the October 2003 guidelines for CCA and UNDAF was developed. Activities are ongoing to better define indicators for all activities carried out by the Organization, including those for technical cooperation related result indicators that are being linked with the MDGs. Once fully applied, these new RBM-based methodologies will be instrumental in introducing improvements identified by evaluations, i.e. the need to prepare country diagnoses necessary to support CCAs and subsequent programming, to closely link with country-level programming frameworks and to better apply the logical framework in the design, monitoring and evaluation of TC activities.

39. The analyses, diagnostics and indicators of an RBM approach, albeit time consuming and costly, would facilitate countries in monitoring progress towards the MDG goals.

Continuous improvements in evaluation practice, guidelines and procedures

40. The Evaluation Group prepared guidelines and procedures for the evaluation of integrated programmes, country service frameworks and stand-alone projects in 2002 and is currently fine-tuning them based on the experience acquired in their application. The purpose of the revision, which will be issued as part of the comprehensive guidelines on technical cooperation programme/project management, is to make the guidelines as user friendly as possible and to reflect the latest evaluation principles and standards in the United Nations system, thereby supporting the production of credible and objective evaluation reports and further enhancing accountability to stakeholders through improved evaluation reports. According to such principles evaluations should be understood as a learning tool aiming at understanding the achievement of results and improving the effectiveness of programmes. Evaluations should furthermore add value by introducing a prospective outlook. They should be based on a formative approach allowing the participation of stakeholders in the evaluative process and focusing on the views and needs from the beneficiary countries' perspective. Improved guidelines and procedures aim at ensuring that disciplined work plans are prepared and implemented and that appropriate resources are made available for evaluations. Evaluation plans must facilitate the production of objective, relevant and timely findings that are useful for decision-making.

41. Feedback mechanisms are being further strengthened to ensure that lessons learned from evaluations are used for the continuous improvement of technical cooperation activities and as an input to the global forum function of UNIDO. A database on findings and lessons learned is being established as a contribution to the continuous updating of UNIDO's knowledge base.

VII. ACTION REQUIRED OF THE BOARD

42. The Board may wish to take note of the information contained in the present report.

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ORIGINAL: ENGLISH

Industrial Development Board

Twenty-ninth session
Vienna, 9-11 November 2004
Item 6 of the provisional agenda

PERSONNEL MATTERS

Report by the Director-General

Provides information on the composition of staff, developments in the common system and amendments to the staff rules. Invites the Board to elect one member representing the UNIDO governing body on the Staff Pension Committee for the remainder of the biennium 2004-2005.

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I. COMPOSITION OF STAFF IN THE PROFESSIONAL AND HIGHER CATEGORIES

1. With the promulgation of the Human Resources Management Framework in June 2001, considerable accomplishments have been achieved with regard to gender balance and equitable geographical distribution. Moreover, the External Auditor in his report covering the period 2002-2003 referred to the implementation of the Framework, in particular the implementation of improved competitive selection procedures (IDB.29/3, chap. VII). Figures 1 to 6B in the present document provide information on staff in the Professional and higher categories, including internationally recruited project personnel as of May 2001, prior to the promulgation of the Framework in June 2001, and on 31 July 2004.

2. The percentage of staff from Africa as well as Asia and the Pacific increased during the period 2001 to 2004 by three percentage points respectively, as shown in figures 1, 2A and 2B. Slight decreases of one percentage point each are observed for staff from Eastern Europe and NIS States and Western Europe and Others, while the percentage of staff from Latin America and the Caribbean States and non-Member States decreased by two percentage points.

3. As shown in figure 3, the representation in senior positions (P-5 and above) has increased for Africa and Asia and the Pacific by five percentage points each. Decreases can be observed from Eastern Europe and NIS, non-Member States by two percentage points each, Latin America and the Caribbean, by 1 per cent while a decrease of four percentage points can be observed for Western Europe and Others. This decrease can be attributed to staff separations mainly through natural attrition.

4. Figure 4 shows a considerable increase in female Professional staff from Africa and Asia and the Pacific by nine percentage points each. Female Professional staff from Eastern Europe and NIS have increased by 5 per cent. The representation from other regions has decreased, by 4 per cent from Latin America and the Caribbean, 16 per cent from Western Europe and Others, and by 2 per cent from non-Member States.

5. Figure 5 shows the gender and regional distribution of regular Professional appointments from May 2001 to July 2004. Of the total appointments, 42 per cent were female and 58 per cent were male; 13 per cent of female Professionals appointed were from Asia and the Pacific and 31 per cent of male Professionals were from Western Europe and Others.

6. Figures 6A and 6B provide a regional comparison of internationally recruited consultants as at 31 May 2001 and 31 July 2004. As will be noted, on 31 July 2004 the share of Western Europe and Others was the highest (62 per cent). Increases can be observed in relation to Asia and the Pacific and non-Member States and decreases in the shares of other regions.

II. COMMON SYSTEM DEVELOPMENTS

7. As reported in document IDB.27/16, the International Civil Service Commission (ICSC), mandated by the General Assembly, is currently undertaking a review of the pay and benefits system of the United Nations common system organizations. In this context ICSC has developed a new and simplified job evaluation system for the organizations of the common system which was promulgated effective 1 January 2004. The new system retained the capacity to evaluate jobs across occupations and organizations while capturing the nature of the new work environments, for example more emphasis on innovation and partnership-building and less emphasis on hierarchy. The new job evaluation system does not aim at changing the grading structures; hence it was preceded by a validation process. Rather it aims at evaluating jobs using more up-to-date criteria. The emerging trend for job design in the common system is more focus on the output and impact of jobs, client orientation, contribution in a team context and the role of leadership. More importantly, the new approach provides linkages to competency development and performance management. Having participated last year in the validation of the system, UNIDO has begun to adopt this more effective system of job evaluation.

III. MATTERS RELATED TO THE STAFF RULES

Professional scales

8. **Appendix C to the staff rules.** In accordance with article 54 (b) of the regulations of the United Nations Joint Staff Pension Fund, the scale of pensionable remuneration for the Professional and higher categories must be adjusted on the same date and by the same percentage as the net remuneration of officials serving in New York. In accordance with this provision, ICSC promulgated a revised scale of pensionable remuneration effective 1 September 2003. The revised scale was promulgated in appendix C to the UNIDO staff rules and is contained in annex I to the present document.

Local scales

9. **Appendix A to the staff rules.** In accordance with the Flemming principle, General Service staff shall have pay and other conditions of employment that are among the best on offer at the duty station. The principle was first stated in 1949 by a body of experts on pay established by the United Nations General

Assembly and is the cornerstone of the methodology followed by ICSC for the conduct of local salary surveys. Based upon the Flemming principle, staff regulation 6.5(a) provides that "The Director-General shall fix the salary scales for staff in the General Service and related categories, normally on the basis of the best prevailing conditions of employment in the locality, taking into account the recommendations of the International Civil Service Commission." According to the approved ICSC methodology, which takes account of changes in the consumer price and wages indices over a period of 12 months, and in consultation with the other Vienna-based organizations, the Director-General implemented effective 1 April 2004 an interim adjustment of the salary scales for General Service staff of 1.66 per cent. The revised scale is contained in annex II to the present document.

Financial implications

10. The financial implications of the revised pensionable remuneration scale (Professional and higher categories) reported above amount to €452,200 for the biennium 2004-2005 and €74,900 for four months in 2003. The impact of the interim adjustment of General Service salaries amounts to €394,200 for the current biennium. The additional costs have been foreseen in the respective budgets and hence are being absorbed within the budgetary levels approved by Member States.

Other staff rules

11. **Appendix G to the staff rules.** In order to streamline procedures and staff time in processing travel advances, staff members authorized to travel are granted 100 per cent travel advances. The previous policy to provide 80 per cent travel advances has been revised to 100 per cent to reduce administrative costs of processing the various travel-related transactions. The relevant amendment is shown in annex III to the present document. Deletions are contained in square brackets and amendments are underlined.

IV. REPRESENTATION OF THE UNIDO GOVERNING BODY ON THE UNIDO STAFF PENSION COMMITTEE

12. The UNIDO Staff Pension Committee established by the General Conference (GC.1/Dec.37) held six meetings in 2003 and two meetings during the period January-August 2004.

13. The General Conference at its tenth session elected the following two members and two alternate members of the Staff Pension Committee for the biennium 2004-2005 (GC.10/Dec.20):

Members: Mr. Cédric Janssens de Bisthoven (Belgium)
Mr. Mlulami M.L. Singaphi (South Africa)

Alternate members: Mrs. Vesna Vukovič (Croatia)
Mr. Tanmaya Lal (India)

14. In the same decision the Conference authorized the Board to proceed with the election for any of the above-mentioned posts that might become vacant before the General Conference holds its eleventh session. One of the member posts has become vacant as the assignment of Mr. Cédric Janssens de Bisthoven (Belgium) to the Permanent Mission of Belgium to UNIDO ended on 31 August 2004. Thus, the Board may wish to proceed with the election for that post for the remainder of the term in accordance with the General Conference decision.

V. ACTION REQUIRED BY THE BOARD

15. The Board may wish to consider the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the information contained in document IDB.29/15;

"(b) Notes the amendments to appendices A, C and G to the staff rules;

"(c) In accordance with General Conference decision GC.10/Dec.20, paragraph (c), elects the following member of the UNIDO Staff Pension Committee for the remainder of the biennium 2004-2005:

"Member: _____(country)."

Figure 1. Professional-level staff at Headquarters and field offices by region, 2001 to 2004 (Percentage)

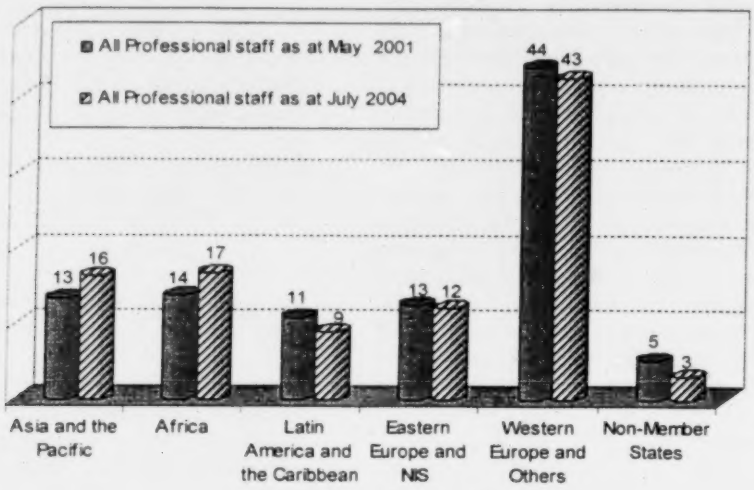


Figure 2A. Professional-level staff at Headquarters and field offices by region as at 1 May 2001

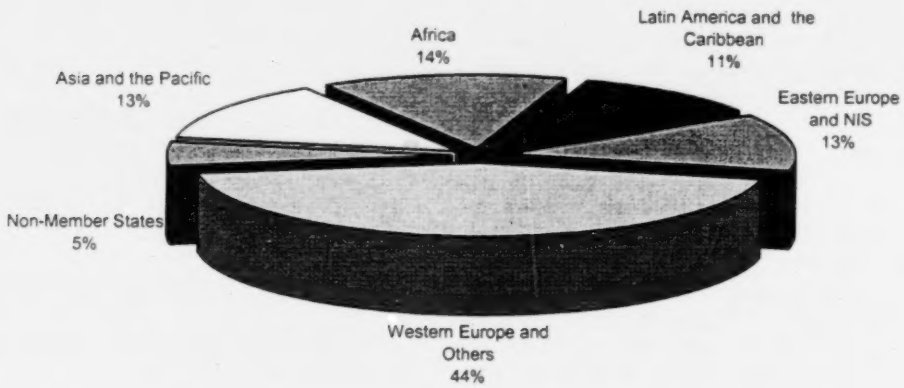


Figure 2B. Professional-level staff at Headquarters and field offices by region as at 31 July 2004

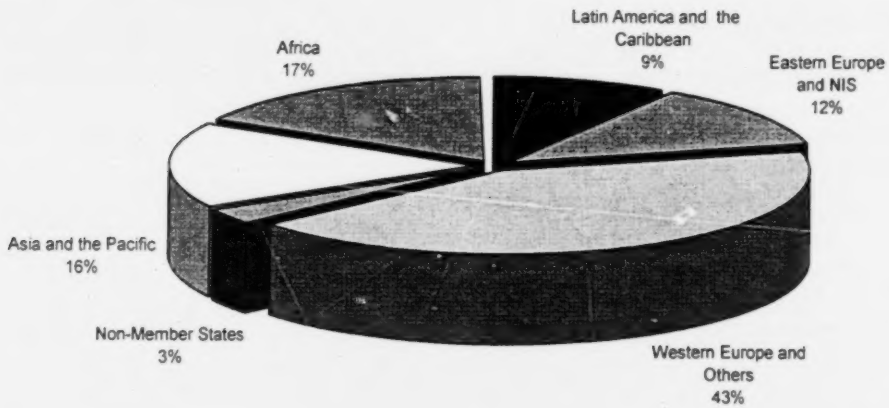


Figure 3. Comparison of senior Professional-level staff at Headquarters and field offices by region, 2001 to 2004 (Percentage)

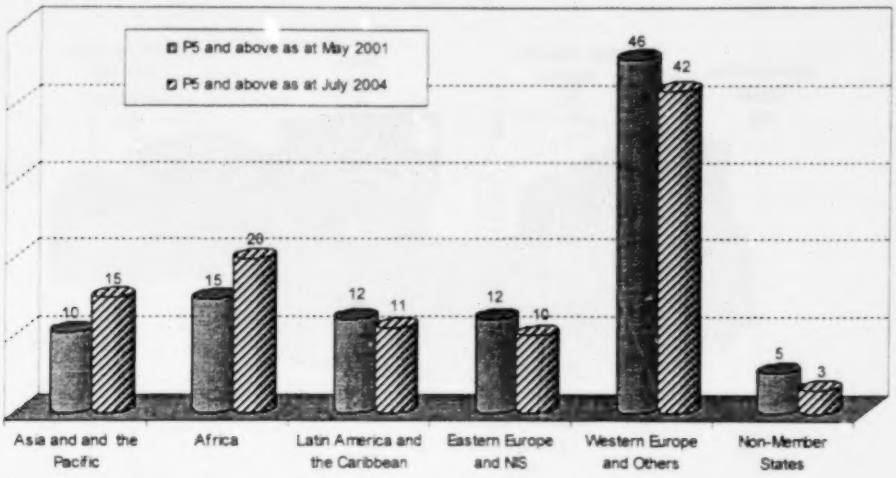


Figure 4. Female Professional-level staff at Headquarters and field offices by region, 2001 to 2004 (Percentage)

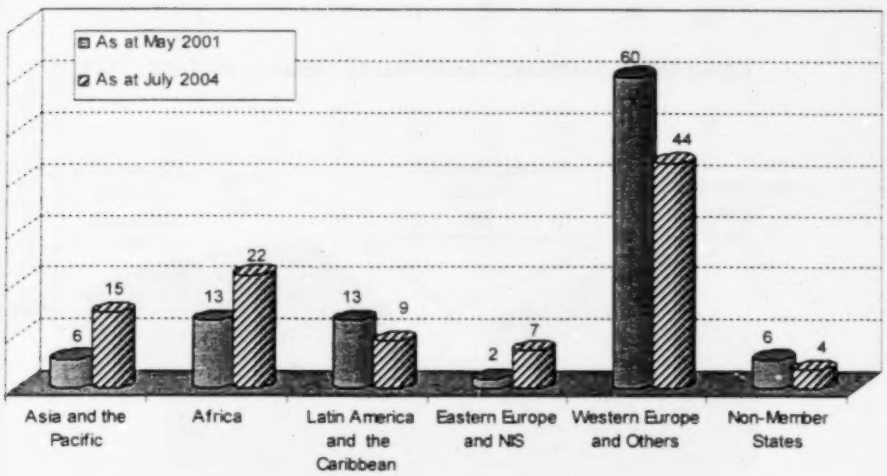


Figure 5. Professional-level regular appointments by gender, 2001 to 2004 (Percentage)

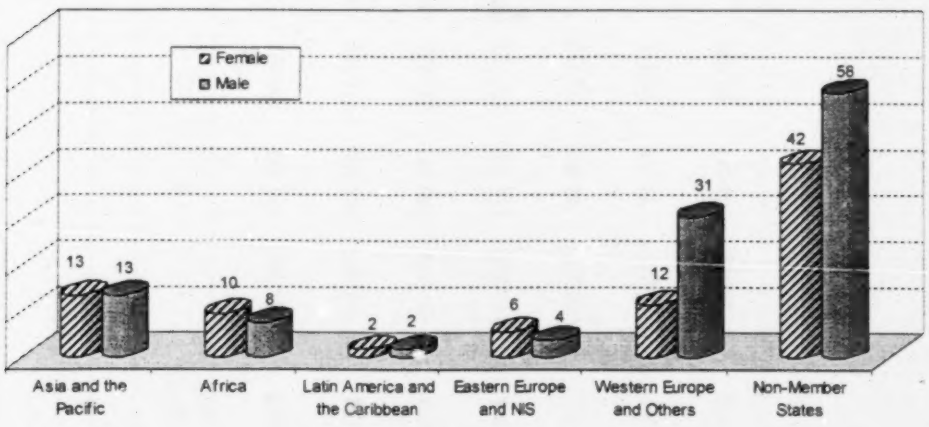


Figure 6A. International consultants by region as at 31 May 2001

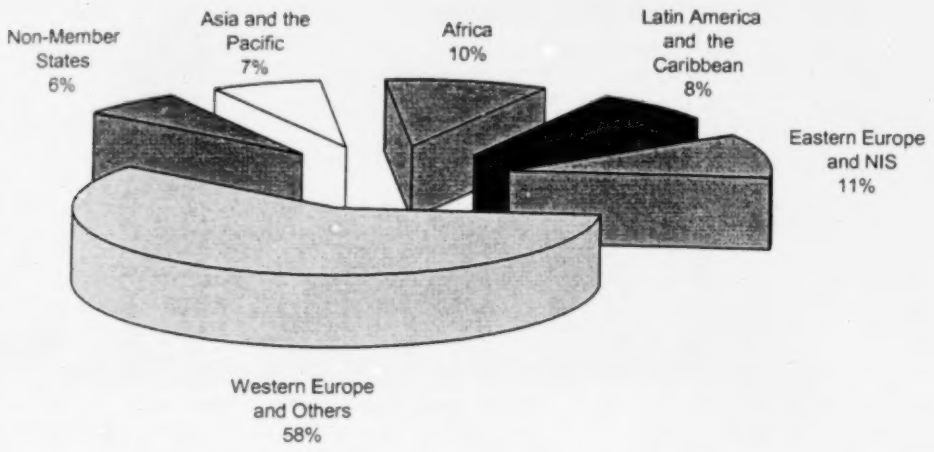
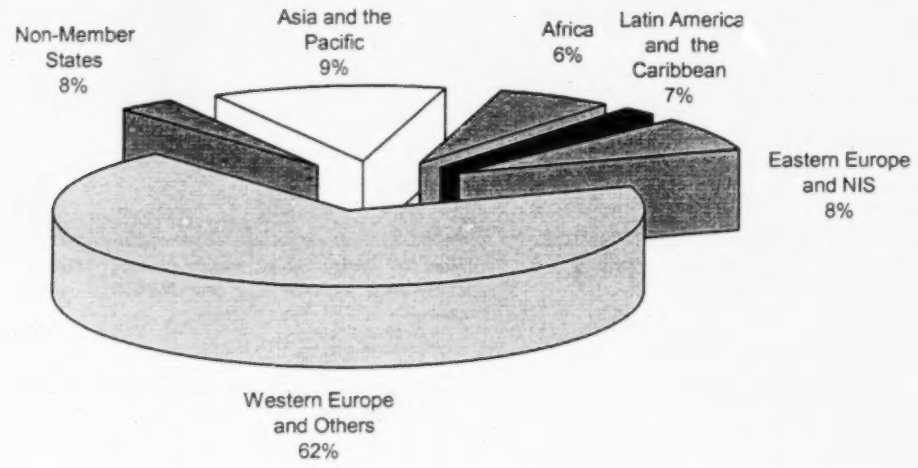

Non-Member States 6%
Asia and the Pacific 7%
Africa 10%
Latin America and the Caribbean 8%
Eastern Europe and NIS 11%
Western Europe and Others 58%

Figure 6B. International consultants by region as at 31 July 2004


Non-Member States 8%
Asia and the Pacific 9%
Africa 6%
Latin America and the Caribbean 7%
Eastern Europe and NIS 8%
Western Europe and Others 62%

Annex I

Appendix C

SCALE OF PENSIONABLE REMUNERATION FOR THE PROFESSIONAL AND HIGHER CATEGORIES
(For purposes of pension benefits and pension contribution)
(In United States dollars)
Effective 1 September 2003

	STEPS														
LEVEL	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
D-2	181 760	185 892	190 022	194 149	198 279	202 408									
D-1	165 207	168 596	171 982	175 364	178 752	182 308	185 938	189 568	193 192						
P-5	137 472	140 353	143 233	146 117	148 998	151 877	154 758	157 643	160 521	163 402	166 285	169 172	172 261		
P-4	112 214	114 992	117 763	120 535	123 314	126 085	128 859	131 636	134 408	137 180	139 952	142 735	145 505	148 279	151 056
P-3	92 227	94 583	96 937	99 287	101 644	103 997	106 350	108 708	111 172	113 747	116 319	118 892	121 466	124 038	126 614
P-2	75 663	77 773	79 875	81 981	84 086	86 192	88 297	90 399	92 508	94 613	96 717	98 824			
P-1	58 918	60 947	62 968	64 990	67 015	69 036	71 063	73 084	75 107	77 131					

Annex II

Appendix A

SALARY SCALES FOR GENERAL SERVICE AND RELATED CATEGORIES SHOWING ANNUAL GROSS, GROSS PENSIONABLE AND NET SALARY AFTER APPLICATION OF STAFF ASSESSMENT (in Euros)

Effective 1 April 2004

		STEPS											
		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII*
G-1	Gross	24 303	25 112	25 921	26 730	27 539	28 348	29 157	29 966	30 775	31 584	32 394	33 203
	Gross pens.	24 088	24 860	25 630	26 400	27 170	27 941	28 711	29 481	30 251	31 022	31 792	32 562
	Net	19 513	20 136	20 759	21 382	22 005	22 628	23 251	23 874	24 497	25 120	25 743	26 366
G-2	Gross	28 279	29 217	30 155	31 092	32 030	32 968	33 905	34 843	35 781	36 718	37 656	38 594
	Gross pens.	27 870	28 763	29 653	30 545	31 437	32 328	33 219	34 147	35 086	36 023	36 962	37 899
	Net	22 575	23 297	24 019	24 741	25 463	26 185	26 907	27 629	28 351	29 073	29 795	30 517
G-3	Gross	32 881	33 968	35 055	36 142	37 229	38 316	39 403	40 509	41 641	42 772	43 903	45 034
	Gross pens.	32 246	33 277	34 356	35 442	36 526	37 613	38 699	39 785	40 870	41 956	43 042	44 128
	Net	26 118	26 955	27 792	28 629	29 466	30 303	31 140	31 977	32 814	33 651	34 488	35 325
G-4	Gross	38 208	39 465	40 751	42 059	43 368	44 676	45 984	47 292	48 600	49 908	51 216	52 524
	Gross pens.	37 511	38 767	40 025	41 280	42 537	43 793	45 050	46 306	47 562	48 819	50 075	51 331
	Net	30 220	31 188	32 156	33 124	34 092	35 060	36 028	36 996	37 964	38 932	39 900	40 868
G-5	Gross	44 546	46 058	47 570	49 082	50 595	52 107	53 619	55 131	56 643	58 155	59 668	61 265
	Gross pens.	43 672	45 125	46 577	48 029	49 482	50 935	52 387	53 840	55 293	56 746	58 198	59 651
	Net	34 964	36 083	37 202	38 321	39 440	40 559	41 678	42 797	43 916	45 035	46 154	47 273
G-6	Gross	51 965	53 714	55 462	57 211	58 959	60 759	62 635	64 510	66 386	68 261	70 136	72 012
	Gross pens.	50 801	52 482	54 163	55 844	57 525	59 207	60 886	62 568	64 249	65 930	67 643	69 392
	Net	40 454	41 748	43 042	44 336	45 630	46 924	48 218	49 512	50 806	52 100	53 394	54 688
G-7	Gross	60 587	62 759	64 932	67 104	69 277	71 449	73 622	75 794	77 967	80 139	82 312	84 484
	Gross pens.	59 050	60 996	62 942	64 888	66 833	68 857	70 881	72 906	74 932	76 956	78 981	81 006
	Net	46 805	48 304	49 803	51 302	52 801	54 300	55 799	57 298	58 797	60 296	61 795	63 294

*Long-service step

Annex III

Appendix G

OFFICIAL TRAVEL

Expenses while in transit

(jj) No change.

(kk) No change.

Miscellaneous travel expenses

(ll) No change.

Travel advances

(mm) Staff members authorized to travel shall provide themselves with sufficient funds for all current expenses by securing an advance of funds if necessary. [A reasonable advance of funds against the estimated reimbursable travel expenses may be made to a staff member or his or her family members for expenses authorized under these provisions. An advance of funds shall be considered reasonable if it is not less than US$ 200 nor more than 80 per cent of the estimated reimbursable expenditures. If, in the course of official travel, the staff member has earned in subsistence allowance an amount equal to the amount advanced, the staff member may be advanced the balance of the estimated reimbursable expenditures.] An advance of 100 per cent of the estimated daily subsistence allowance and other expenses authorized under these provisions may be made to a staff member authorized to undertake official travel.

Incidental expenses related to illness or accident during travel

(nn) No change.

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IDB.29/15/Corr.1
18 October 2004

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Vienna, 9-11 November 2004
Item 6 of the provisional agenda

PERSONNEL MATTERS

Report by the Director-General

Corrigendum

Page 5, figure 5

For Non-Member States *read* Total

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Vienna, 9-11 November 2004
Item 8 of the provisional agenda

DATE, PLACE AND PREPARATION OF THE ELEVENTH SESSION OF THE GENERAL CONFERENCE

Report by the Director-General

Provide information on developments subsequent to the adoption of decision IDB.28/Dec.10.

1. Document IDB.28/11 reported on the status of consultations held with the Government of Colombia as of 7 April 2004 concerning the offer of Colombia to host the eleventh session of the General Conference at Cartagena de Indias. In accordance with decision IDB.28/Dec.10, adopted by the Board at its twenty-eighth session, the Secretariat continued consultations with the Government.

2. As agreed in a meeting with government representatives on 28 May 2004, the Secretariat elaborated the financial implications in greater detail and forwarded the information to the Government on 30 June 2004.

3. In a letter dated 25 August 2004 from the Deputy Minister for Enterprise Development, shown in the annex to the present document, the Government informed UNIDO of the withdrawal of its offer.

ACTION REQUIRED OF THE BOARD

4. The Board may wish to adopt the following draft decision:

"The Industrial Development Board decides to hold the eleventh session of the General Conference at the Austria Center Vienna from 28 November to 2 December 2005."

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Annex

Ministry of Trade, Industry and Tourism
From the Deputy Minister for Enterprise Development

Bogotá, D.C., 25 August 2004

Sir,

I have the honour to address you concerning the offer made by the Government of Colombia to host the eleventh session of the General Conference of the United Nations Industrial Development Organization (UNIDO) in the city of Cartagena.

I should like to inform you that, owing to the financial difficulties that the country is currently experiencing and the need to prioritize the necessary investments, we have reached the conclusion that we are not in a position to ensure that the Conference will be staged in an appropriate fashion. For that reason, the Government has decided to withdraw its offer. I should say, in that connection, that the reasons that led Colombia to offer to host the Conference remain valid; and we hope that, in the not too distant future, we shall be able once again to propose that the city of Cartagena should play host to a UNIDO General Conference.

The fact that the Colombian Government has had to reconsider its position on hosting the Conference does not, in any sense, imply diminution in Colombia's commitment to UNIDO. On the contrary, we recognize the important work carried out by the Organization to promote sustainable industrial development as an indispensable element in the fight against poverty and social inequality, in accordance with the goals for development established at the United Nations Millennium Summit.

I hope, Sir, that you and the members of the Organization will understand the reasons that have led our Government to take this difficult decision.

Accept, Sir, the renewed assurances of my highest consideration.

[*Signed*]

Carlos Alberto Zarruk Gomez
Deputy Minister for Enterprise Development

Mr. Carlos Margariños
Director-General
UNIDO
Vienna

Distr.
GENERAL

IDB.29/17
12 October 2004

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twenty-ninth session
Vienna, 9-11 November 2004
Item 3 (c) of the provisional agenda

DECENTRALIZATION

Strategic alliance with the United Nations Development Programme

Report by the Director-General

Reports on the developments and steps taken in compliance with resolutions GC.10/Res.2 and GC.10/Res.10 and decision IDB.28/Dec.2. Describes the progress made since the tenth session of the General Conference leading to the conclusion of a cooperation agreement and a complementary framework for technical cooperation between UNIDO and UNDP.

Introduction

1. In conjunction with the implementation of the Business Plan, the Secretariat informed the Member States in document PBC.16/CRP.5 that measures taken to that date (September 2000) had fallen short of the required effective decentralization and that the reform of UNIDO's field presence remained incomplete. To advance on this issue, the Secretariat presented in the same document three options for consideration, all of which would aim at increasing the efficiency of the field network and advance the decentralization efforts of the Organization. However, during the deliberations at the twenty-third session of the Board (November 2000), Member States noted that effective decentralization remained incomplete (IDB.23/Dec.8).

2. Advancing on the above and in line with that decision, the Secretariat undertook a comprehensive assessment of the field network. Subsequent consultations with Member States, presented in document IDB.24/15, and the outcome of the deliberations outlined in document PBC.17/CRP.4, showed that Member States preferred a gradual approach to decentralization within available resources, including a hold on redeployment of staff from Headquarters to the field, as ".. this could lead to loss of critical mass of expertise at Headquarters and could cause unnecessary instability."

3. Within that context, the Secretariat adopted a cautious approach, aiming for a more rational field network within available resources by ensuring an increased portion of the total budget of the Organization for its field network and greater delegation of authority to field office staff with respect to both operational and programme management.

I. NEW INITIATIVE FOR A STRATEGIC ALLIANCE

4. During the implementation of the gradual approach adopted, Member States expressed their renewed interest in decentralization through two resolutions adopted by the General Conference at its tenth session (GC.10/Res.2 and GC.10/Res.10), indicating that further rationalization of the field network was encouraged and that the current field

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network should be re-assessed and additional recommendations on decentralization presented to the twenty-eighth session of the Board in May 2004.

5. In compliance, the Secretariat undertook an assessment of UNIDO's field representation, the results of which were circulated to Permanent Missions with an information note on 12 March 2004. In that report, four options were outlined for an alternative approach to the Organization's future field presence.

6. Subsequently, the Secretariat advanced to consider a new form of field presence. In doing so, views expressed by Member States in 2000 were borne in mind, including minimizing the redeployment of headquarters staff to the field and avoiding overall budgetary increases for the Organization. The new initiative entailed paving the way for a closer alliance with another United Nations organization to ensure a UNIDO benefit from a larger, existing field network without increasing the field operations budget. A further important benefit of a stronger strategic alliance was the potential for increased delivery of UNIDO technical cooperation services.

7. Building upon this initiative, preliminary discussions were held with the United Nations Development Programme (UNDP) to sound out its inclination towards a new alliance, going beyond the traditional cooperation activities of project implementation. In the interest of progress in the Secretary-General's United Nations reform, UNDP indicated early on its willingness to make a concrete effort in trying to establish a new form of alliance, both at the field representation level as well as the level of programmatic aspects of the two organizations.

8. Based on the preliminary ideas of an alliance, the endeavour was agreed to be a new approach in reforming the United Nations. As such, the opinion and endorsement of Member States were necessary to ensure as complete as possible an understanding of the issues and to secure a transparent process of discussions.

II. CONSULTATION PROCESS AND RESULTS

9. In March 2004 an informal advisory group on decentralization (IDB.28/6) was established under the co-chairmanship of the Permanent Representatives of China and Germany to facilitate the consultation process with Member States. During its first meeting, on 31 March 2004, the group discussed the basic findings of the recently completed assessment of the field network and formalized the first informal discussions with Member States on the subject of a new form of alliance with UNDP.

10. Up to the twenty-eighth session of the Board (25-27 May 2004), the group had held a total of three meetings to discuss the new initiative and alliance as well as to ensure that questions and concerns of Member States could be addressed by the Secretariat. To further enrich the consultative process, the group requested a series of consultations with each of the regional groups where specific regional aspects could be discussed.

11. The deliberations of the group culminated in the adoption by the Board of decision IDB.28/Dec.2, which, inter alia, invited the Director-General to continue his dialogue with UNDP. The Board also noted a number of issues related to operational aspects of the future field representation scheme, including that of remaining within the limits of existing budgetary resources and of a phased-in approach.

12. Subsequently, the discussions between the Secretariat and UNDP intensified and detailed discussions were held in June 2004 on the content of a potential cooperation agreement. Also in June, the UNDP Administrator attended a meeting of the informal advisory group, where he presented the vision of UNDP with regard to the proposed alliance. At that meeting, the Director-General of UNIDO and the UNDP Administrator responded to questions and issues raised by Member States. In addition, the Administrator outlined his recent proposal to the Director-General concerning a special focus on joint cooperation in private sector development, in addition to the identified core technical competencies of UNIDO.

13. In view of considerable progress in the discussions with UNDP, the informal advisory group felt that a second series of regional group consultations could further facilitate the correct and in-depth understanding of the recent developments and in addition gain the required insight into the substantive details of the planned agreement. To support this process an information paper outlining the content of the cooperation agreement was circulated with an information note on 30 June 2004. The Secretariat held the second series of regional group consultations and during the fifth meeting of the informal advisory group, on 26 July 2004, the group recommended that the Programme and Budget Committee at its twentieth session (8-9 September 2004) take positive note of the Director-General's intention of signing the cooperation agreement (IDB.29/9-PBC.20/9).

III. COOPERATION AGREEMENT WITH UNDP AND ITS IMPLEMENTATION

14. During the consultation process outlined above, Member States drew the attention of the Secretariat to a number of important issues that needed to be ensured in the agreement. The Programme and Budget Committee at its twentieth session adopted conclusion 2004/6, in which the Committee, inter alia, noted with appreciation the work of the informal advisory group and the efforts of the Director-General. The conclusion also took note of the intention of the Director-General to conclude the cooperation agreement with UNDP.

15. At the invitation of the UNDP Administrator, the Director-General attended a meeting of the Executive Board of UNDP in September 2004. On that occasion the Cooperation Agreement between UNIDO and UNDP as well as the complementary framework for joint UNIDO/UNDP technical cooperation programmes on private sector development were signed on 23 September 2004.

16. The Cooperation Agreement foresees the strategic alliance to be mutually beneficial to both organizations at two interrelated levels. On the one hand, the two organizations are committed to ensuring each other's areas of expertise and to further taking advantage of the available expertise and knowledge in developing and implementing joint programmes and projects. On the other, the Agreement could facilitate that over the coming years UNIDO can enlarge its field presence to some 80 countries. To ensure that the agreement can be implemented in the most efficient manner, a pilot period is stipulated during which UNDP is committed to financially supporting the operational costs for 15 UNIDO Desks over two years.

17. Moreover, the two organizations also committed themselves to close collaboration in private sector development to ensure that the joint programme can be formulated and implemented. As a first segment, relevant expertise from both organizations will undertake joint formulation missions to some 10 different locations where the need of operations within the private sector development are clearly identified and supported by national counterparts.

18. For a better understanding of both the cooperation agreement as well as the complementary framework for joint UNIDO/UNDP technical cooperation programmes on private sector development, the two documents, as signed on 23 September 2004, were circulated to Permanent Missions with an information note on 27 September 2004.

19. Member States also expressed in the PBC conclusion their wish to be kept informed of the progress of the implementation of the cooperation agreement. The PBC also requested the submission of an implementation plan to the twenty-ninth session of the Board. In compliance with that request, a conference room paper will be issued containing the implementation plan and providing updated information on developments since the signing of the agreement.

IV. ACTION REQUIRED OF THE BOARD

20. The Board may wish to take note of the present document and the information contained therein.

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UNIDO FOLLOW-UP TO THE GLOBAL BIOTECHNOLOGY FORUM

Note by the Secretariat

Reports on follow-up activities in compliance with Board decision IDB.28/Dec.6 to the Global Biotechnology Forum held at Concepción, Chile, from 2 to 5 March 2004.

Introduction

1. The present document provides information on developments with regard to UNIDO's follow-up to the Global Biotechnology Forum (GBF) in compliance with decision IDB.28/Dec.6, which called upon the Director-General to take into account the final statement of the GBF, as contained in annex II to document IDB.28/8, in planning and implementing relevant follow-up activities fully within UNIDO's mandate.

I. INTER-AGENCY COOPERATION

2. In line with the final statement and also following United Nations General Assembly resolution 58/200 regarding inter-agency cooperation, UNIDO has strengthened its links with other relevant international agencies active in the area of biotechnology, such as the Organization for Economic Cooperation and Development (OECD), the Food and Agricultural Organization (FAO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO). After initial discussions the following areas of mutual interest have been identified, and ongoing discussions are intended to specify the nature of cooperation:

- OECD—Two areas of potential cooperation have been established: industrial biotechnology capacity-building and skills enhancement, and utilization of genetic resources for industrial development;
- FAO—The area for potential cooperation focuses on biological renewable energy systems and non-food crops for industrial utilization;
- UNESCO—Cooperation envisages joint activities in setting up specialized courses for biotechnology management focusing on bioentrepreneurship and business development.

3. In addition, UNIDO hopes to extend its cooperation with the secretariat of the Convention on Biological Diversity in the areas of conservation and industrial utilization of biodiversity. In this regard and beyond the pilot phase of the implementation of the Biosafety Clearing House, UNIDO is streamlining its biosafety activities in the context of ongoing capacity-

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building programmes of the Global Environment Facility (GEF) and the United Nations Environment Programme (UNEP) with particular emphasis on information provision and training in biosafety.

II. OTHER DEVELOPMENTS

4. UNIDO has been holding internal discussions to assess the key needs and aspirations of developing countries in relation to the opportunities that industrial biotechnology offers to these countries.

5. In keeping within its mandate UNIDO focuses on industrial biotechnology, also referred to as white biotechnology. White biotechnology encompasses such activities as bioremediation, renewable biologically-derived energy sources, biocatalysis and the upgrading of low-value raw material to high-added-value products. UNIDO sees its role in assisting its client countries to explore future prospects associated with industrial biotechnological developments. In this context UNIDO is planning to prepare short papers as a framework for discussions at regional and national meetings.

6. The joint UNIDO/International Centre for Genetic Engineering and Biotechnology (ICGEB) working group for GBF follow-up has developed its terms of reference and will reconvene during the last quarter of 2004.

7. The report of GBF will be distributed in late October 2004 and will be available on the UNIDO web site (www.unido.org/biotech).[1] Member States will be apprised of any further developments relevant to Board decision IDB.28/Dec.6 or other mandates.

III. ACTION REQUIRED OF THE BOARD

8. The Board may wish to take note of the information provided in the present document.

[1] The draft final report was circulated to permanent missions with an information note on 20 May 2004.

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SECURITY ENHANCEMENTS AND PROPOSED NEW CONFERENCE FACILITIES

Funding options for security enhancements

Note by the Secretariat

In compliance with PBC conclusion 2004/5, the present document provides detailed information regarding possible funding sources needed to ensure that the Vienna International Centre responds effectively to headquarters minimum operating security standards (H-MOSS).

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Introduction

1. In document IDB.29/7-PBC.20/7 the Secretariat elaborated on the financing modalities that could be applied for securing the necessary means for security improvement measures. The Programme and Budget Committee discussed the document at its twentieth session and adopted conclusion 2004/5, which, inter alia, decided to refer the matter concerning the financing of UNIDO's share to the Board at its twenty-ninth session. To that end, the Committee requested the Secretariat to provide the Member States with detailed information on several funding options, taking into account the diverse views expressed during the current session.

2. In accordance with that conclusion, the Secretariat herewith presents detailed information on the various funding options and on the possibility of drawing on the Working Capital Fund as an interim mechanism. An advance version of the present document was distributed to Permanent Missions with an information note on 5 October 2004. Subsequently, a series of meetings was held during the following week.

I. VOLUNTARY CONTRIBUTIONS

3. In document IDB.29/7-PBC.20/7, the potential utilization of voluntary contributions for financing the security enhancements was presented in detail. While voluntary contributions could theoretically yield immediate cash resources, its feasibility depends to a large extent on the likelihood and timing of necessary donations.

4. This option, as outlined in document IDB.29/7-PBC.20/7, was discussed extensively during the twentieth session of the Committee. In conclusion 2004/5, the Committee noted the importance that all Member States enable UNIDO to finance its share of security enhancements. It is also noted that no commitment has so far been made towards any voluntary contribution for that purpose.

II. RETENTION OF THE UNENCUMBERED BALANCES OF APPROPRIATION

5. Unencumbered balances of appropriation are the difference between regular budget appropriations and actual expenditures in any fiscal period, i.e. budgetary biennium. Such balances mainly arise from the non-payment or delayed payment of assessed contributions by Member States, resulting in the under-implementation of the approved programmes.

6. After determining the level of unencumbered balances for the fiscal period, the amount actually received in cash becomes due for adjustment to the Member States that have fully paid their contributions for the respective biennium, in proportion to their scale of assessment.

7. According to financial regulation 4.2 (b), the unencumbered balance of the appropriations at the end of the fiscal period shall be surrendered to the Members at the end of the first calendar year following the fiscal period after deducting therefrom any contributions from Members relating to that fiscal period, which remain unpaid, and shall be credited to the Members in proportion to their assessed contributions.

8. Furthermore, financial regulation 4.2 (c) stipulates that at the end of the twelve-month period referred to in regulation 4.2 (b), the then remaining balance of any regular budget appropriations retained shall be reported in detail by the Director-General to the External Auditor for examination and review and, after deducting therefrom any contributions from Members relating to the fiscal period of the appropriations which remain unpaid, shall be surrendered to the Members in proportion to their assessed contributions at the end of the second calendar year following the fiscal period to which the appropriations relate provided, however, that before the respective share of the balance is surrendered to any Member that has outstanding regular budget obligations to the Organization, those obligations shall first be brought to account.

9. In the past, to address important financial constraints, the General Conference had frequently suspended the relevant financial regulations and authorized the retention of unutilized balances of appropriation. A detailed report of such suspensions was included in document GC.8/21 covering the period from 1986 to 1995, i.e. five bienniums.

10. The eighth and ninth sessions of the General Conference did not suspend the relevant financial regulations, but introduced a voluntary aspect by encouraging Member States to renounce their shares of the unencumbered balances of appropriation. Due to a positive response from Member States, significant amounts from the unencumbered balances of appropriation relating to the bienniums 1992-1993, 1996-1997 and 1998-1999 have been utilized for integrated programmes and country service frameworks.

11. In January 2004, further unencumbered balances relating to the bienniums 1992-1993, 1996-1997, 1998-1999 and 2000-2001 amounting to €4,367,691 were distributed to eligible Member States. However, some Member States have renounced their share on a voluntary basis (€1,265,457) for various purposes.

12. It is currently estimated that the cash collections against prior years' arrears, and other adjust-

ments due for distribution in January 2005, unless decided otherwise by the Member States, amount to €1 million.

13. For the biennium 2002-2003, according to current estimates, contributions amounting to €2 million are expected to be received by December 2005, and €1 million for prior bienniums' collections received in 2005, totalling €3 million, which would become available for distribution during January 2006, unless decided otherwise by the Member States.

Table 1. Amounts due to Member States

(In millions of euros*)

	Expected cash collections		
Due date	Prior bienniums	2002-2003 biennium	Total
January 2005	1		1
January 2006	1	2	3
Total			**4**

*Tentative amounts, as final figure will only be known once accounts are finalized.

14. In considering this option, Member States should take into account the time factor governing accessibility of these balances in accordance with financial regulations 4.2(b) and 4.2(c). The utilization of unencumbered balances would have to be based on a General Conference decision. The dates foreseen for the eleventh session of the Conference (to be decided by the Board at its twenty-ninth session) are 28 November-2 December 2005. Should the Conference at that session decide to release the unencumbered balances, the funds would be at the Organization's disposal in January 2006.

15. It is important to note that this option could provide the full amount since, according to current estimates, sufficient cash would be collected by end-2005. On the other hand, during the twentieth session of the Committee, some Member States indicated institutional obstacles in their national legislation, which would not allow them to support this financing modality.

III. SUPPLEMENTARY ESTIMATES

16. Financial regulation 3.9 provides that "Supplementary estimates for the current fiscal period for the regular and operational budgets shall, when required, be submitted by the Director-General. They shall be prepared in a form consistent with the approved budgets, and they shall be reviewed and approved in accordance with the procedure laid down for the initial estimates in regulations 3.5 to 3.8 and 3.11."

17. The procedure referred to in regulations 3.5 to 3.8 foresee that supplementary estimates shall be submitted by the Director-General to the Industrial Development Board through the Programme and Budget Committee. The Board shall examine the proposals by the Director-General together with any recommendations of the Programme and Budget Committee and adopt the proposal by a two-thirds majority with such modifications as it deems necessary, for submission to the Conference for consideration and approval. The Conference shall consider and approve by a two-thirds majority the proposal. It may make amendments, however, in accordance with financial regulation 3.11, i.e. by referring the matter back to the Programme and Budget Committee and the Industrial Development Board, should there be anticipated expenditures in connection with the amendments.

18. The entire requirement for security enhancements would constitute a one-line budgetary item under the object of expenditure heading "Security and safety services (UNOV)" within the programme "Contribution to shared services and other indirect costs, Programme H.1" (programme and budgets, 2004-2005, IDB.27/3). Should a supplementary estimate be approved for the subject purpose in accordance with the relevant financial regulations, Member States would be assessed in line with the scale of assessment applicable for the current biennium. The assessment letters would be sent out immediately after the approval of the supplementary estimate according to the schedule in the annex. The contribution level by Member States would vary between €12 and €272,800 ($14 to $303,600), subject to exchange rate fluctuations.

19. Supplementary estimates normally cover unforeseen expenditures of a one-time nature and hence would not constitute an increased base level for future budgets. However, Member States should be aware that recurring costs on account of the subject security enhancement measures will have to be added to the next biennial budget for 2006-2007.

20. The approval procedure, as described in financial regulations 3.5 to 3.8 would require the involvement of all three policy-making organs. While the urgency of providing the necessary financing for the security enhancements would require a quick decision, the next regular session of the General Conference will only take place in December 2005. This solution would not result in the collection of contributions before 2006. Therefore, a temporary funding source must be identified. The possible transitional use of the Working Capital Fund is, therefore, described later in the present document. It is, however, important to note that according to current experience, the collection rate of

assessed contributions is around 92 per cent. Therefore, the complete replenishment of the Working Capital Fund cannot be realistically expected.

21. Alternatively, special sessions of the policy-making organs could be convened in accordance with the relevant provisions of the Constitution and rules of procedure. The availability of facilities would need to be determined and required resources for special sessions identified. Costs would depend on various factors, including dates and duration.

22. When considering the option of supplementary estimates, Member States may wish to take into account that the General Conference of the International Atomic Energy Agency (IAEA), at its forty-eighth regular session held in Vienna from 20 to 24 September 2004, approved a supplementary budget appropriation for 2004 for the IAEA for the purpose of financing the Agency's share of the subject security enhancements at the VIC (GC(48)/RES/5).

IV. INTERIM UTILIZATION OF THE WORKING CAPITAL FUND

23. The Working Capital Fund is regulated in financial regulation 5.4 as follows:

"(a) Upon recommendation of the Programme and Budget Committee and, subsequently the Board, the Conference by a two-thirds majority of the Members present and voting shall determine the amount and purposes of the Working Capital Fund;

"(b) The source of moneys for the Fund shall be advances from Members, which shall be made in the proportion of the scale of assessments established by the Conference for the contributions of Members to the regular budget. The advances shall be carried to the credit of the respective Members who made the advances;

"(c) Advances made from the Fund to finance approved regular budget appropriations shall be reimbursed as soon as and to the extent that contributions or advances from Members are available for that purpose;

"(d) Advances may be made only for the purposes and within the terms and conditions determined by the Conference in accordance with subparagraph (a) above. Except when they are recoverable from some other source, the advances may be reimbursed through the submission of supplementary estimates for the regular budget;

"(e) Income derived from investment of the Fund shall be credited to the General Fund."

24. At the second regular session of the General Conference, Member States created the Working Capital Fund with a view to establishing a safety mechanism for the Organization to protect its financial integrity against late- or non-payment of assessed contributions. In decision GC.10/Dec.15 adopted at its tenth session, the General Conference, inter alia, authorized the Director-General to advance from the Working Capital Fund such "sums as might be necessary to finance unforeseen and extraordinary expenses ...". Between 1990 and 1998, UNIDO had to make several withdrawals from the Fund so that by June 1997 the Fund was fully depleted. As a result of measures introduced by the Director-General in early 1998, the Fund could be replenished to its established level.

25. Since 1998, the Working Capital Fund remained fully replenished to the level of Member States' advances. As at 31 December 2003, the status of the Fund showed advances from Member States in the amount of €7,325,458, having an unfunded amount of €97,572.

26. Accordingly, the Working Capital Fund was used in the past to serve as a cash reserve against cash shortages created by late- or non-payment of assessed contributions. The approved level of the Fund is equivalent to less than two months of regular budget expenditures.

27. The possible temporary withdrawal of the euro equivalent of US$ 1.38 million for security enhancements from the Working Capital Fund would increase the exposure of the Organization to the consequences of delays in the receipt of assessed contributions. It would, therefore, be important that the Working Capital Fund be replenished in the shortest possible time either by paying the supplementary assessments without delay, or by transferring the necessary amount from unencumbered balances of appropriations.

V. SUMMARY

28. Table 2 attempts to summarize the various options available to Member States for financing the security enhancements.

VI. ACTION REQUIRED OF THE BOARD

29. The Board is invited to take note of the information in the present document, as well as in document IDB.29/7-PBC.10/7, and to decide on the financing modality for UNIDO that would ensure the Vienna International Centre's effective response to Headquarters Minimum Operating Security Standards (H-MOSS).

Table 2. Summary of funding options

Option	Approval	Authority for Director-General to incur obligations	Pros/cons
I. Voluntary contributions	Individually by Member States	Individually by Member States up to the amount of donations received	Pro: No further PMO involvement needed Con: Unpredictable level and timing; no universality
II. Retention of unencumbered balances	(a) Regular GC session (December 2005)	Temporary withdrawal from WCF	Pro: Full amount available with Organization (estimates) latest by end-2005; full replenishment of WCF Con: Institutional obstacle for some Member States
	(b) Special GC session	GC special session	Pro: Partial funding in 2004-2005 Con: Costly approval; institutional obstacle for some Member States
III. Supplementary estimate	(a) Regular GC session (December 2005)	Temporary withdrawal from WCF	Pro: Ensures collection Con: Reduced level of WCF during 2005; 92% collection in 2006
	(b) Special GC session	GC special session	Pro: Relatively fast collection Con: Costly approval; 92% replenishment of WCF

Annex

SCALE OF ASSESSMENTS FOR APPORTIONMENT OF SECURITY IMPROVEMENT MEASURES

Member State	UNIDO assessment rate 2004 (percentage)	Contribution amount €	Contribution amount $
Afghanistan	0.00100	12	14
Albania	0.00426	53	59
Algeria	0.09951	1 234	1 373
Angola	0.00284	35	39
Argentina	1.37752	17 082	19 009
Armenia	0.00284	35	39
Austria	1.34625	16 694	18 578
Azerbaijan	0.00569	71	79
Bahamas	0.01706	212	235
Bahrain	0.02559	317	353
Bangladesh	0.01000	124	138
Barbados	0.01279	159	177
Belarus	0.02701	335	373
Belgium	1.60498	19 902	22 148
Belize	0.00100	12	14
Benin	0.00284	35	39
Bhutan	0.00100	12	14
Bolivia	0.01137	141	157
Bosnia and Herzegovina	0.00569	71	79
Botswana	0.01422	176	196
Brazil	3.39761	42 131	46 886
Bulgaria	0.01848	229	255
Burkina Faso	0.00284	35	39
Burundi	0.00100	12	14
Cambodia	0.00284	35	39
Cameroon	0.01279	159	177
Cape Verde	0.00100	12	14
Central African Republic	0.00100	12	14
Chad	0.00100	12	14
Chile	0.30138	3 737	4 159
China	2.17788	27 006	30 054
Colombia	0.28574	3 543	3 943
Comoros	0.00100	12	14
Congo	0.00100	12	14
Costa Rica	0.02843	353	392
Côte d'Ivoire	0.01279	159	177
Croatia	0.05544	687	765
Cuba	0.04265	529	589
Cyprus	0.05402	670	745
Czech Republic	0.28858	3 578	3 982
Dem. People's Rep. of Korea	0.01279	159	177
Dem. Republic of the Congo	0.00569	71	79
Denmark	1.06477	13 204	14 693
Djibouti	0.00100	12	14
Dominica	0.00100	12	14

Member State	UNIDO assessment rate 2004 (percentage)	Contribution amount €	Contribution amount $
Dominican Republic	0.03270	405	451
Ecuador	0.03554	441	490
Egypt	0.11515	1 428	1 589
El Salvador	0.02559	317	353
Equatorial Guinea	0.00100	12	14
Eritrea	0.00100	12	14
Ethiopia	0.00569	71	79
Fiji	0.00569	71	79
Finland	0.74207	9 202	10 240
France	9.19202	113 982	126 849
Gabon	0.01990	247	275
Gambia	0.00100	12	14
Georgia	0.00711	88	98
Germany	13.88754	172 206	191 647
Ghana	0.00711	88	98
Greece	0.76624	9 502	10 574
Grenada	0.00100	12	14
Guatemala	0.03838	476	530
Guinea	0.00426	53	59
Guinea-Bissau	0.00100	12	14
Guyana	0.00100	12	14
Haiti	0.00284	35	39
Honduras	0.00711	88	98
Hungary	0.17059	2 115	2 354
India	0.48476	6 011	6 690
Indonesia	0.28432	3 526	3 924
Iran (Islamic Republic of)	0.38667	4 795	5 336
Iraq	0.19334	2 397	2 668
Ireland	0.41795	5 183	5 768
Israel	0.58996	7 316	8 141
Italy	7.20001	89 281	99 359
Jamaica	0.00569	71	79
Japan	22.00000	272 800	303 600
Jordan	0.01137	141	157
Kazakhstan	0.03980	494	549
Kenya	0.01137	141	157
Kuwait	0.20897	2 591	2 884
Kyrgyzstan	0.00100	12	14
Lao People's Dem. Rep.	0.00100	12	14
Lebanon	0.01706	212	235
Lesotho	0.00100	12	14
Liberia	0.00100	12	14
Libyan Arab Jamahiriya	0.09525	1 181	1 314
Lithuania	0.02417	300	334
Luxembourg	0.11373	1 410	1 569
Madagascar	0.00426	53	59
Malawi	0.00284	35	39
Malaysia	0.33407	4 142	4 610
Maldives	0.00100	12	14
Mali	0.00284	35	39
Malta	0.02132	264	294

Member State	UNIDO assessment rate 2004 (percentage)	Contribution amount €	Contribution amount $
Mauritania	0.00100	12	14
Mauritius	0.01564	194	216
Mexico	1.54385	19 144	21 305
Monaco	0.00569	71	79
Mongolia	0.00100	12	14
Morocco	0.06255	776	863
Mozambique	0.00100	12	14
Myanmar	0.01000	124	138
Namibia	0.00995	123	137
Nepal	0.00569	71	79
Netherlands	2.47073	30 638	34 096
New Zealand	0.34260	4 248	4 728
Nicaragua	0.00100	12	14
Niger	0.00100	12	14
Nigeria	0.09667	1 199	1 334
Norway	0.91835	11 388	12 673
Oman	0.08672	1 075	1 197
Pakistan	0.08672	1 075	1 197
Panama	0.02559	317	353
Papua New Guinea	0.00853	106	118
Paraguay	0.02275	282	314
Peru	0.16775	2 080	2 315
Philippines	0.14216	1 763	1 962
Poland	0.53736	6 663	7 416
Portugal	0.65678	8 145	9 064
Qatar	0.04833	599	667
Republic of Korea	2.63137	32 629	36 312
Republic of Moldova	0.00284	35	39
Romania	0.08245	1 022	1 138
Russian Federation	1.70591	21 154	23 541
Rwanda	0.00100	12	14
Saint Kitts and Nevis	0.00100	12	14
Saint Lucia	0.00284	35	39
Saint Vincent and the Grenadines	0.00100	12	14
Sao Tome and Principe	0.00100	12	14
Saudi Arabia	0.78756	9 766	10 868
Senegal	0.00711	88	98
Serbia and Montenegro	0.02843	353	392
Seychelles	0.00284	35	39
Sierra Leone	0.00100	12	14
Slovakia	0.06113	758	844
Slovenia	0.11515	1 428	1 589
Somalia	0.00100	12	14
South Africa	0.58001	7 192	8 004
Spain	3.58064	44 400	49 412
Sri Lanka	0.02275	282	314
Sudan	0.00853	106	118
Suriname	0.00284	35	39
Swaziland	0.00284	35	39
Sweden	1.45962	18 100	20 142
Switzerland	1.81111	22 458	24 993

Member State	UNIDO assessment rate 2004 (percentage)	Contribution amount €	Contribution amount $
Syrian Arab Republic	0.11373	1 410	1 569
Tajikistan	0.00100	12	14
Thailand	0.41795	5 183	5 768
TFYR of Macedonia	0.00853	106	118
Timor-Leste	0.00100	12	14
Togo	0.00100	12	14
Tonga	0.00100	12	14
Trinidad and Tobago	0.02275	282	314
Tunisia	0.04265	529	589
Turkey	0.62550	7 757	8 632
Turkmenistan	0.00426	53	59
Uganda	0.00711	88	98
Ukraine	0.07534	934	1 040
United Arab Emirates	0.28716	3 561	3 963
United Kingdom	7.86994	97 588	108 605
United Republic of Tanzania	0.00569	71	79
Uruguay	0.11373	1 410	1 569
Uzbekistan	0.01564	194	216
Vanuatu	0.00100	12	14
Venezuela	0.29569	3 667	4 081
Viet Nam	0.02275	282	314
Yemen	0.00853	106	118
Zambia	0.00284	35	39
Zimbabwe	0.01137	141	157
Total (171 Member States)	**100.00000**	**1 240 000**	**1 380 000**